

# The Indonesian Quarterly

- ☐ Bali Concord II Revisited and ASEAN Summit 2008
- ☐ The World Without Climate Crisis
- ☐ A Long Way to Recovery
- ☐ A Continued Upbeat Growth
- ☐ Global Issues: Si Vis Pacem Para Bellum?
- ☐ Indonesian Foreign Policy in 2008 and Beyond
- ☐ The Chinese Indonesian's Role in Substantiating Sino-Indonesia Strategic Partnership
- ☐ Civil Society and Security Sector Reform (SSR) in the Philippines
- ☐ The Islamic Books Publishing in Indonesia: Towards a Print Culture?



CENTRE FOR STRATEGIC  
AND  
INTERNATIONAL  
STUDIES

## The Logo



*The Indonesian Quarterly* is a journal of policy oriented studies published by the Centre for Strategic and International Studies (CSIS), Jalan Tanah Abang III/23-27, Jakarta 10160. It is a medium for research findings, evaluations and views of scholars, statesmen and thinkers on the Indonesian situation and its problems. It is also a medium for Indonesian views on regional and global problems. The opinions expressed in *The Indonesian Quarterly* are those of their authors and do not necessarily reflect the opinion of the CSIS.

To better represent the underlying ideas that gave birth to the CSIS in 1971 the Centre uses as of 1989 the logo that figures on the front cover of this journal. The original, in bronze, designed by G. Sidharta, it consists of a disc with an engraving that depicts the globe which serves as a background to a naked man with an open book laid on a cloth over his lap, his left hand pointing into the book, his right hand raised upwards. Altogether it symbolises the Centre's nature as an institution where people think, learn and communicate their knowledge to whoever are interested, to share it with them, mankind the world over being their concern and the globe their horizon. The nakedness symbolises the open-mindedness, the absence of prejudice, in the attitude of the scholars who work with the Centre, just as it is with scholars everywhere. The inscription reads "*Nalar Ajar Terusan Budi*", which in the Javanese language essentially means that to think and to share knowledge are only the natural consequence of an enlightened mind. It is a *surya sengkala*, that is *chandra sengkala*, a Javanese traditional way to symbolise a memorable year in the lunar calendar, adapted to the solar calendar system. It consists in using words that express the perceived meaning of the commemorated year while marking the year at the same time, each word having a numerical value. Thus, the inscription, in reverse order, represents the year the CSIS was established: 1971.

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Bantarto Bandoro

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M. Hadi Soesastro, J. Kristiadi, Medelina K. Hendytio, Rizal Sukma,  
Raymond Atje

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## ABSTRACTS

### INDONESIAN FOREIGN POLICY IN 2008 AND BEYOND

By *Bantarto Bandoro*

An understanding of why Indonesia should build an anchor for its future global and regional role is necessary, but not sufficient if one wish to gain a much better and deeper perspective as to how Indonesian's foreign policy should contribute to building much stronger anchor and help meet the country's enourmous challenges in 2008 and beyond. As foreign policy is indeed an instrument to promote and articulate our national interests abroad, our foreign policy in 2008 and beyond must be built upon pragmatic, realistic and rational thoughts.

### THE CHINESE INDONESIAN'S ROLE IN SUBSTIATING SINO-INDONESIA STRATEGIC PARTNERSHIP

By *Christine Susanna Tjhin*

The Chinese Indonesian community are important actors that can contribute constructively to the overall bilateral engagements, particularly in light of the signing of Strategic Partnership between RI and PRC by President Susilo Bambang Yudhoyono and President Hu Jintao in 2005. Though the Chinese Indonesians play crucial roles in

enriching bilateral relations, their roles will not be independent ones. This article briefly depicts some of Indonesia's contemporary political transitions that are inter-related with the Chinese Indonesians politics of identity. It will also highlight events that illuminate the heterogeneous nature of the Chinese Indonesian community through political participation within the country or in engaging bilateral relations with PRC.

## CIVIL SOCIETY AND SECURITY SECTOR REFORM (SSR) IN THE PHILIPPINES

By *Aries A. Arugay*

The security sector has expanded to include all those (whether statutory or not) that have an impact in the provision of (in) security in a given country. While there is interest on reforming the security sector shared by the government, the donor community, and multilateral organizations, it could be observed that not much parallel effort is coming from civil society in the Philippines. Relative to other issues pursued by nongovernmental associations such as social development, peace, human rights, and democracy, little attention has been paid on how SSR could help realize this "basket of advocacies". This article seeks to explain the significance of SSR in helping civil society's work for development, democracy, and peace in the Philippines.

## THE ISLAMIC BOOKS PUBLISHING IN INDONESIA: TOWARDS A PRINT CULTURE?

By *Philips J. Vermonte*

In various policy studies, it is found that a policy is greatly influenced by ideas. For example, the ideas of John Maynard Keynes were adopted as the national economic policy of the United States in the post-World War II period. The policy was promoted by an epistemic community that supported Keynes' ideas. The epistemic community at the end was very influential in setting the direction of US economic policies—as well as the world economic policies—after World War II. This article will show that ideas require a media to reach the audience and/or influence the formation of a discursive culture. It focuses on print material as a media used to disseminate Islamic ideas, thoughts, and interpretations in Indonesia, and observed factors that formed the background of the current trend of Islamic publication.



## CURRENT EVENTS

# Bali Concord II Revisited and ASEAN Summit 2008

*Bantarto Bandoro*

### The Bangkok Declaration

**F**ORTY YEARS ago in Bangkok, five Southeast Asian declared the establishment of the Association for Regional Cooperation among the countries of Southeast Asia to be known as the Association of Southeast Asian Nations. The Bangkok Declaration was signed at a time when distrust and suspicions of the past drove deep and acrimonious divisions between nations.

Economic growth, regional peace and stability, mutual assistance, joint efforts and dialogue were among the goals and working mechanisms set forth by the declaration. The leaders knew very well that the region of Southeast Asia needed to be arranged in such a way that would help build a powerful regional unity.

It was on the basis of unity and the need to lay stronger foundations for future regional cooperation that ASEAN launched its very first summit in Bali in 1976, which produced a document known as the Bali Concord. The ASEAN Bali Concord I, issued soon after the end of

Vietnam war, was the first attempt by the organization to map out its goals and aspirations founded on the common, if not shared, vision of a region living in peace, stability, and prosperity.

Less than three decades later, one observes that similar goals have been re-emphasized and re-articulated. The so-called Bali Concord II, issued by ASEAN's ninth summit meeting in Bali in 2003, was necessitated by the challenges posed by globalization and by the economic and security situations after the 1997 financial crisis and the terrorist attacks with their severe impacts on the region and worldwide.

### The Bali Concord II

The Bali Concord II serves as the basis for the establishment of an ASEAN Community by the year 2020 and comprises three pillars: the ASEAN Security Community, the ASEAN Economic Community, and the ASEAN Socio-Cultural Community. The basic idea is for ASEAN to be able to respond

collectively and promptly to intra-state conflict and security challenges from within as well as from outside the region based on the understanding that a community would provide bigger assurance that a conflict, if it was to occur, could be solved in a peaceful manner.

As one sees, the word "community" has evidently become more pronounced. Perhaps, ASEAN's main reference is the statement made by Rajaratnam during the signing of the Bangkok Declaration that "if we do not hang together, we of the ASEAN nations will hang separately".

The idea that ASEAN need to have Charter may have been dictated by Rajaratnam's view that ASEAN should not be individualistic when it comes to solving problems of common concerns. Rajaratnam's statement can also be interpreted that if ASEAN is to survive and hang together, it will have to resort to a much more institutionalized working mechanism and develop common understandings about certain norms.

Thus, here we see that the Charter, which will serve as the grouping's legal basis for conducting relations, cannot be seen in isolation from the idea that a community should works on the basis of legal principles as envisioned by the Charter.

Although the Bangkok Declaration did not mention explicitly the word "community", the founding fathers of ASEAN may have thought of the importance of taking a community-based initiative by expressing a desire "to establish a firm foundation for common

action to promote regional cooperation in South-East Asia."

Community, as a firm foundation for common action, will enable its members to follow developments either from inside or outside the community through constant dialogue. The public in the region see continuous dialogue among ASEAN members on how the region should be best organized. The idea of the ASEAN Community may have come out of such process.

### Common Understanding

The community the ASEAN founding fathers had in mind, if any, is not only one that reflects the "we" feeling (implicitly referred to in the declaration as "bound together by ties of history and culture"), but also reflects sense of interdependency (referred to in the declaration as "share a primary responsibility" and "mutual assistance").

Thus, in the community, ASEAN members have, to some degree, got involved in an interdependent relationship. And if the interdependence is not positive it can lead to chronic competition in the negative sense, and it may even lead to conflict situation, thus undermining the very fabric of the community.

However encouraging and heartening the ASEAN blueprint is, the road will not be smooth for the regional grouping to fully realize the community the founding fathers dreamed of, unless the ASEAN Community is to proceed on the basis of a common understanding about certain



norms that may have resulted from ASEAN's constant dialogues.

A common understanding would serve as a basis for common actions and common feelings. This is the perspective that ASEAN will closely watch once it has to handle issue like Myanmar.

### One ASEAN at the Heart of Dynamic Asia

As in 1992 when Singapore was the venue for the signing of the ASEAN's very first agreement on free trade (AFTA Agreement), the Singapore ASEAN 13<sup>th</sup> summit meeting

It will also shed new lights to the future outlook of ASEAN. The summit , held on ASEAN's 40th year, will see several important agreements sealed, such as the ASEAN Charter. The adoption of the ASEAN Charter is thought to be a way to enable them to hang together legally as well as politically

The Charter is expected to serve as a legal and institutional framework, as well as an inspiration for ASEAN to meet future challenges and opportunities. ASEAN is committed to narrowing the development gap and to advance ASEAN integration through building an ASEAN Community to further peace, progress and prosperity of its peoples.

Some , however, cast doubts whether the Charter will be implemented effectively as it lacks references as to how the grouping should act in case of non-compliance by the members. The summit

will also be spotlighted when it comes to the handling the problem of Myanmar.

The public is curious enough to see whether the summit will lay even stronger political commitment for ASEAN to become a real community in a way that would help ASEAN build a stable and secure region as well as more peaceful intramural relations.

ASEAN awares that its leaders have long dreamed of regional integration. ASEAN, as we observed, aimed hard at it through much fresher and bolder regional policies. It is against such background that they decided to raise "*One ASEAN at the Heart of Dynamic Asia*" as the theme of the summit.

A closer look at the theme reveals three elements of ASEAN's common, if not share, aspirations. First, "One ASEAN" captures the idea of the ASEAN's goal towards closer integration and one ASEAN Community. Second "at the heart" contains the idea of ASEAN's centrality and ASEAN being in the driver's seat of the evolving regional architecture. Third, "Dynamic Asia" describes the economic renaissance that is taking place in Asia. On the whole, the theme provides a fresh, optimistic and forward looking view of ASEAN as an organisation.

ASEAN summit is set to change the landscape of the region by raising such a theme at the time when many posed reservations over the capacity and credibility of an ASEAN Community in dealing with an even more acute regional political and security issues



The first element, "One ASEAN", reflects ASEAN's confirmation to move toward integration as envisioned first by Soeharto in his speech to the session of parliament in 1966. ASEAN Community suggests the start of what would be seen as the long process toward, and heated debate about, integration.

The basic precept that ASEAN is a community of sovereign states acknowledges the ultimate sovereignty of the member states of the community. This does not, of course, preclude them in the exercise of that sovereignty, from pursuing collective action to deepen and perfect the integration process.

It is to say that once the ASEAN Community is in place, it must explore possibilities for the collective exercise of sovereignty by way of a creative and fresher approach to regional governance in cases where such an arrangement clearly advances the interests of ASEAN Community. Thus, the collective exercise of national sovereignty highlights the ASEAN Community's special challenge of fashioning an approach to regional governance.

### ASEAN Centrality

Whatever may have been the merits of not proceeding in this way in, for example, 1992, when the idea of integration was not officially tabled, the case for doing so fifteen years later is virtually irrefutable if ASEAN is to carry out the regional integration process forward. That said, community is not only

improvements to what already exists but also new machinery of regional governance.

The summit should not only draw ASEAN to get its values and principles, interests right, but should also promote further sense of oneness in a way that would strengthen and reinforce ASEAN's centrality (the second element) and role as the driving force in charting the evolving regional architecture.

In other words, ASEAN's centrality will not be viable, if not perpetuated, unless the community ASEAN wish to develop is not keeping its values, principles and even priorities right. Although no one expects ASEAN to really solve the issue of Myanmar, at least in short term, there should be a common understanding among ASEAN member countries that such an issue has politically undermined the interest of ASEAN in keeping the region stable. So, finding solution to the problem of Myanmar is of priority if ASEAN is not to be perceived, by other members of international community, as permanently inactive on such issue.

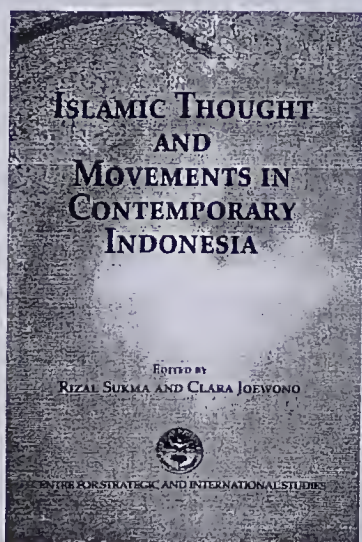
The main political and strategic challenges ASEAN might face after Singapore summit would be to seek ways as to how to build a much stronger and resilient community. Because the Bali Concord II seemed to have been focusing more on cooperation among regional states – this is indeed the essence of community, the ASEAN Community will certainly be vulnerable to turbulences unless it also applies national resilience as the

key approach to building up cohesive, solid and resilient ASEAN Community.

The theme of Singapore summit will easily be forgotten by the ASEAN's future generations unless concrete policy actions

related to the theme are taken or unless ASEAN is committed to change its posture and profile in a way that would help ASEAN cope, endure and survive the entire spectrum of future challenges, risks or threats.

## ISLAMIC THOUGHT AND MOVEMENTS IN CONTEMPORARY INDONESIA



Edited by: *Rizal Sukma and Clara Joewono*

Published by: *Centre for Strategic and International Studies (CSIS), Jakarta.*

Since the fall of the New Order Regime in 1998, Islam in Indonesia has become more complex politically and socially. This is due to the growing diversity in the manifestation of Islam. Islam has developed and changed significantly in terms of thought and movement. It can no longer be dichotomized into traditionalist or modernist, as it used to be.

This book is the result of a study involving researchers from CSIS and PPIM UIN Jakarta. It attempts to portray the complexity of the contemporary Islamic movement and thoughts in Indonesia.

The book, containing 12 chapters with discussions ranging from mapping out Islamic thoughts and movement to Islamic Mass Organization and Women Empowerment, is recommended for those who seek an understanding of the diversity of Islamic thoughts and movement in Indonesia.

**Contributors:** Rizal Sukma and Clara Joewono; Jajat Burhanudin; Fuad Jabali/Arief Subhan; Din Wahid; Jajang Jahroni; Ismatu Ropi; Tasman; Sirojudin Abbas; Muhamad Ali; Oman Fathurahman; Philips J. Vermonte; Dina Afrianty.

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**Centre for Strategic and International Studies**

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# The World Without Climate Crisis

*Lina Alexandra*

*"We are all part of the problem of global warming. Let us all be part of the solution that begins in Bali. Let us turn the climate crisis into a climate compact."*

(United Nations Secretary-General, Ban Ki-moon)

THE UN Climate Change Conference, held in Bali, from 3-14 December 2007, was attended by around 10,000 participants from various institutions both government representatives from 187 states and two observer states as well as non-governmental organizations (NGOs). The meeting consisted of two interrelated sessions, the 13<sup>th</sup> Session of Conference of Parties (COP) to UN Framework Convention on Climate Change (UNFCCC) and the 3<sup>rd</sup> Session of Meeting of Parties (CMP) to Kyoto Protocol.

The conference was initiated due to the reports released by the Intergovernmental Panel on Climate Change (IPCC) which argued that climate change is happening and ultimately is caused by rising greenhouse gas emissions resulting from human activity. The increased in the number of natural disasters caused by the climate

change has significantly raised concern from governments of various countries. Many countries have encountered longer dry season while other countries experienced heavy rain and flood, causing problems in food supply as well as massive destruction of houses and other facilities.

The changes in the directions of the wind has made it difficult to predict weather condition. This has significantly disrupted the transportation lanes, creating more accidents in the air as well as at sea. A great deal of investment is needed if the world is to be freed from climate crisis. The world community, therefore, hope the Bali Conference will produce fresh and bold initiatives to minimize the impact of this climate change.

This conference was basically planned as a first meeting to create a path toward

establishing a new agreement to deal with climate change since the Kyoto Protocol will soon finish its effectiveness in 2012. Two subsequent meetings, COP-14 in 2008 and COP-15 in 2009 would continue into more in-depth negotiations among countries. It is expected that by 2009 there will a stronger commitment from countries to implement the UNFCCC in order to reduce the negative impact of climate change. Less-expected result of Kyoto Protocol to control the level of emissions particularly produced by developed countries has put pressured on this Bali conference to produce important decisions.

The Bali Conference was preceeded by an informal meeting, also held in Bali on 23-25 October 2007, to discuss and agree on the so-called Bali Roadmap. This roadmap consists of four important subjects which focused on the long-term cooperation in climate change: mitigation, adaptation, technology and investment and funding. This Bali Roadmap was to be adopted in the UNCCC in December.

Several important initiatives came out from the Bali Conference. The most significant one is the adoption of Bali Action Plan in the COP-13 meeting. The Plan says that warning of the "climate system is unequivocal, and that delay in reducing emissions will significantly create more severe climate change impacts."

As a result, firstly, countries are responsible to enhance national and international efforts on mitigation of climate change through various activities such as reporting, verifying national actions to limit or reduce emissions.

Secondly, countries need to put efforts in order to adapt themselves through various assessments of their capabilities (in terms of actions and financial resources) and creating strategies to enable "climate-resilient development" as well as addressing the damage caused by climate change.

Thirdly, countries, particularly developed countries should enhance actions to develop and transfer technology to developing countries in order to support them in the mitigation and adaptation efforts.

Fourthly, countries should improve actions to provide financial resources to support the mitigation, adaptation, and technology development and transfer. Furthermore, the Ad Hoc Working Group on Long-Term Cooperative Actions is also established and will immediately hold its first session not later than April 2008.

In total, there are 14 decisions adopted in the COP-13 and 11 decisions in the CMP-3. In COP-13, decisions such as to reduce emissions from deforestation in developing countries and development and transfer of technologies under the Subsidiary Body for Implementation (SBI) have significantly been adopted. Under this scheme, the developed countries are expected to implement their commitment to help the developing countries to acquire an environmentally-safe technology. Meanwhile, the CMP-3 has adopted the decisions for adaptation fund and further guidance relating to the clean development mechanism.



The conference also saw commitment made by Australia's new leader, Kevin Rudd, to ratify the Kyoto Protocol. Australia's standpoint surprised the US government where previously Australia under Howard administration was a loyal supporter of the US to reject the ratification of the protocol.

### The Debates

The core of the debates was how the responsibility of the developed and developing countries should be shared in such away so that both parties can really feel the need to working together on this issue of climate change. The developed countries, on the one hand, argued that significant 'deep-cut' on their emissions would damage their economic conditions and eventually create domestic instability. They also claimed that developing countries, especially China and India, have expanded their industrialization activities which undoubtedly threaten the environment safety. On the other hand, the developing countries said that the developed countries should take a lead since they are the main producer of emissions in the world. There was also arguments that a compensation should be provided by the developing countries through financial support as well as transfer of technology to enable them cope with the regulations within the climate change convention.

The discourse on carbon emission trade is basically based on the compensation

from developed countries. In this mechanism, the 'polluter' countries will have to pay certain amount of fund in order to compensate the 'polluted' countries for the emissions they produced. This can be done through the scheme of Reducing Emissions from Deforestation in Developing Countries (REDD). The idea is to maintain the commitment of the developing countries to preserve their forests by giving them certain amount of fund. Such an idea looked realistic since it will help developing countries to keep the sustainability of their forests and therefore reduce the impact of greenhouse effect on the earth. However, this scheme will implicitly allow the developed countries to continue their emissions production and it is therefore unlikely to bring positive result in controlling the emissions.

Pessimistics views grew from the conference as to whether it can effectively deal with the problem of climate change. The meeting has been viewed more as an event gathering rather than serious negotiation talks since countries are still lacking strong political will to modify their national interests for the sake of better world to live in. Both the developed and developing countries have common interests to maintain or enhance their production engines in order to achieve economic growth. The requirement to cut the emissions will be too costly since it would slow down the industrialization processes and therefore create domestic problems within those countries.

## Indonesia and the UN Climate Change Conference: Lessons Learned

Hosting the event would give Indonesia extra domestic awareness of urgent issues such as climate change caused by forest fires. Not only that, Indonesia will also be able to show its struggle to stem the speed of climate change, particularly its efforts to handle forest fires.

The decision to have Indonesia as the host of the UN conference on climate change reflects the wish of the members of international community that Indonesia be part of international efforts in solving the issue of global warming. There is, however, the irony of Indonesia as the host of climate change conference and it is not lost on anyone.<sup>1</sup>

There are several lessons one can learn from the Bali Conference. First, it tells the members of the international community of the seriousness of Indonesia to be an active player seeking solution to the problem of climate change. It also showed that the issue of climate change has become part of Indonesia's national agenda. Many acknowledged that Indonesia has become part of the global environmental problems due to the pervasive illegal logging and forest fire incidents. Thus, the hosting of the conference by Indonesia will hopefully drive the public here to enhance their

awareness of the importance of the issue of climate change to be solved jointly.

Second, the conference itself will serve as a kind of pressure for the Indonesian government to seriously tackle various illegal activities which caused in the huge destruction of environment. The conference should draw Indonesia to initiate measures such as: banning the illegal logging as well as severe punishment for the illegal loggers, promoting save energy action, controlling the emissions from factories and transportations and supporting the development of new environmentally-safe sources of energy. Such measures are imperative if the impacts of climate change is to be reduced significantly.

## Concluding Notes

The global impact of climate change has significantly raised the global awareness that the issue be tackled through joint and systematic efforts. The UN Conference on Climate Change held in Bali on 3-14 December 2007 was intended to be an initial meeting to deal with the environmental problem comprehensively. Many initiatives such as mitigation, adaptation, technology and financial support and investment have been agreed upon by the countries as alternative solutions to this climate change problem.

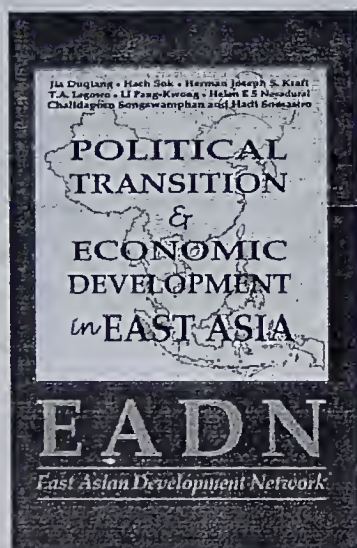
<sup>1</sup> Michael Shank, "the Irony of Indonesia as climate change host," *The Jakarta Post*, December 14, 2007.



However, the continuous debate particularly among the developed and developing countries has shown that certain countries are still reluctant to bear responsibilities. No country seemed to have been willing to sacrifice part of its

interests to create a better world in the future. Thus, the post Bali Conference should see real commitment by countries to effectively implement what has been spelled out in the Bali Plan of Action.

## POLITICAL TRANSITION AND ECONOMIC DEVELOPMENT IN EAST ASIA



Published by: *Centre for Strategic and International Studies (CSIS), Jakarta.*

Political transition is taking place in East Asia. The process and progress of the changes among countries vary depending on the driving factors. Yet, all countries in the region will sooner or later have more open political systems. Political reform is required to support the functioning of the current evolving economic system.

The book aims to examine the dynamic processes of political transformation that is taking place in the region. It also attempts to see the underlying factors of those dynamics and what will help shape the process so that political changes will produce outcomes that increase the welfare of the people in the region as a whole.

Seven papers documented in this book represent the countries involved in the East Asian Development Network (EADN) Project: Cambodia; China; Indonesia; Hong Kong; Malaysia; Philippines; and Thailand.

The publication of this research project is aimed mainly to disseminate information necessary for those who are interested particularly in ASEAN studies.

**Contributors:** Hadi Soesastro; Chalidaporn Songsamphan; Hach Sok; Herman Joseph S. Kraft; T.A. Legowo; Helen E.S. Nesadurai; Li Pang-Kwong; Jia Duqiang.

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Jalan Tanah Abang III/23-27, Jakarta 10160, Tel 386-5532, Fax 380-9641, 384-7517

# REVIEW OF POLITICAL DEVELOPMENT

## A Long Way to Recovery

*I Made Leo Wiratma*

### Introduction

The last quarter of 2007 witnessed three grand annual events significant to most Indonesians, i.e., Idul Fitri, Christmas, and New Year Eve. These events come out as annual celebrations that carry its own problems, in particular the steep rise in the prices of staple food. Yet, so far, no appropriate policy had been made to solve the recurring problems. Leaving the year 2007 and entering the year 2008, Indonesia has also been perpetually faced with a number of natural disasters in which flood and landslides took place all over the country.

The end of 2007 was also marked by some political problems that needed to be seriously considered. The election of General Elections Commission (*Komisi Pemilihan Umum/KPU*) members, the deliberation of political bill, the chaotic implementation of local government head election (*Pemilihan Kepala Daerah/Pilkada*) and the absence of legal enforcement practice were among the cases in point.

Due to the lack of appropriate policies to solve the existing problems, all those contentious issues arise recurrently. There seems no serious commitment on the part of both the government and the community to lift themselves from such problems. This report will focus on those contentious issues and the possible measures to be taken in order to find out the solution.

### PROBLEMS ARISING DURING HOLIDAYS

At the end of the year 2007 the three Holy days—Idul Fitri, Idul Adha, and Christmas—happened to be celebrated in succession, which was then followed by the New Year Eve of 2008. With the coming of those holidays, problems arise every year in which the prices of staple food, including the transport tariff, become extremely high.

Entering the Ramadhan (Moslem fasting days), there is always an increase



of 10%-40% in the prices of staple food in most traditional markets.<sup>1</sup> The peak of the price hike takes place one day before the Lebaran Day (Idul Fitri). In this case, the law of market applies where the rise in demand is always followed by the rise in price. People tend to buy more in the preparation of their Holy Day celebration. To overcome the steep rise of prices, usually the government will carry out market operation. Yet, such strategy does not seem effective. After all, the government had to admit that they were unable to guarantee the commodity price, and they could only guarantee its availability.<sup>2</sup> Indeed, this reflects the government's inability to control and stabilize the normal price.

Apparently, the existing fluctuation in price level results from the inadequate stock of staple food.<sup>3</sup> Otherwise, the normal price can be maintained. Increase in prices has always created a bad situation on the part of people at large. As implied in the law of market, increase in demand is always followed by increase in price. During the Ramadhan transport tariff increased by 100% for air fare and 30% for sea fare.<sup>4</sup> But, such increase did not apply to rail and bus tickets, as the

government was not ready to improve the existing infrastructure, such as roads, bridges, and railways.

The situation during the Ramadhan was then followed by the rising demands in market as people celebrated three other successive important events, i.e., Idul Adha, Christmas, and New Year Eve. The Government plan to increase the price of petroleum was announced prior to those three celebrations, which in turn affected the prices to hike. Therefore, Government policy to raise petroleum price had reaped criticisms,<sup>5</sup> as it curbed people's expectation on government's will to bring the country to a long-awaited recovery.

## ESTABLISHMENT OF GENERAL ELECTIONS COMMISSION

The General Elections Commission (*Komisi Pemilihan Umum/KPU*) for the periode of 2007-2012 was at last established after 6 out of 7 KPU members—namely, Abdul Hafiz Anshary, Sri Nuryanti, Endang Sulastri, I Gusti Putu Artha, Andi Nurpati, dan Abdul Aziz—were officially inaugurated by President Susilo Bambang Yudhoyono based on Presidential Decree No 101/P/2007. Meanwhile, one of the 6 elected members, Syamsulbahri, was not included in the inauguration due to the primary charge of “enriching himself, others or a

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<sup>1</sup> *Media Indonesia*, 11 September 2007.

<sup>2</sup> This statement is made by Minister of Trade, Mari Elka Pangestu, *Suara Pembaruan*, 13 September 2007.

<sup>3</sup> According to the secretary of Logistics Agency Ltd., Dedi S. Abdul Khodir, the government's stock of rice was lower than it had to be. See, *Bisnis Indonesia*, 10 September 2007.

<sup>4</sup> *Koran Tempo*, 18 September 2007.

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<sup>5</sup> Those questioning that issue were former Head of DPR Akbar Tandjung, Vice Leader of the House Budget Committee, Endin Soefihara, and an economist, Hendri Saparini, as quoted in *Suara Karya*, 15 September 2007.



corporation causing state losses." He would not be inaugurated until after the end of the trial.<sup>6</sup> After the plenary meeting attended by 6 KPU members, Abdul Hafis Anshary was appointed as Head of KPU

With regard to KPU for the period of 2007-2012, there were 3 main points to be considered: (1) Controversy over the selection and inauguration process of KPU members; (2) controversy over the general elections budget; and, (3) heavy loads of KPU's future assignments. Out of those controversies, the selection process was the one that attracted people's attention most. The controversy over the selection process began since the selection team was formed. It was due to the team that was entirely composed of academicians. In fact, the team should have included members representing professionals and society.<sup>7</sup> Academicians are commonly considered inexperienced in organizing the general elections. Therefore, there were some worries whether they could manage the elections.<sup>8</sup> It was found out that the KPU

selection team had allowed a team member who was allegedly involved in fraud.

A number of accusations were addressed to the KPU selection team. First, they allegedly picked out some of the existing members and those who were considered knowledgeable and experienced in organizing the general elections. Second, the Selection Team was considered unfair—practicing Corruption, Nepotism, and Collusion, or commonly known as KKN (*korupsi, kolusi, dan nepotisme*)—since they conducted direct placement to the consulting office owned by Sarlito Wirawan, one of the team members for a written test project.<sup>9</sup> Third, the method of psychotest they applied was also questionable, as it unusually employed a multiple choice method. Practically, it required in-depth interviews<sup>10</sup> Furthermore, the selection method was not well formulated and not focused on intelligence and loyalty to the country. They also ignored candidates' competency and experience.<sup>11</sup>

<sup>6</sup> *Kompas*, 24 Oktober 2007.

<sup>7</sup> Article 12 Paragraph (3) UU No. 22 Year 2007 on Organizing General Elections.

<sup>8</sup> As stated by ICW coordinator, Ridaya Laodengkowe, together with Jaringan Pemantau Seleksi Calon Penyelenggara Pemilu (JPS-CPP), ICW joined with 6 other NGOs, i.e., Voter Education Network for People (*Jaringan Pendidikan Pilih untuk Rakyat/JPPR*), Democracy and General Election Club (*Perkumpulan untuk Pemilu dan Demokrasi/Perludem*), Independent Commission for Monitoring General Elections (*Komite Independen Pemantau Pemilu/KIPP*), Indonesia Forum for Budget Transparency (*Forum Indonesia untuk Transparansi Anggaran/FITRA*), Civil Circle for Indonesia (*Lingkar*

*Madani untuk Indonesia/LIMA*), dan Forum of Indonesian Parliamentary Watch (*Masyarakat Pemantau Parlemen Indonesia/FORMAPPI*). *Suara Karya*, 5 Juli 2007.

<sup>9</sup> According to their early statement, the Selection Team admitted that the written test for selecting the KPU member candidates was carried out by University of Indonesia (UI). Yet after denied by UI, they admitted that the test was individually conducted by Sarlito Wirawan, *Suara Pembaruan*, 7 August 2007.

<sup>10</sup> Stated by a UI sociologist, Imam Prasodjo, as quoted in *Kompas*, 8 August 2007.

<sup>11</sup> Disclosed by a UI psychologist, Hamdi Muluk, as quoted in *Media Indonesia*, 1 September 2007.



The rise of negative views as explained above reflected people distrust towards the KPU Selection Team.<sup>12</sup> Actually, there are at least 3 requirements that should be taken into account in selecting the KPU members<sup>13</sup>: (1) s/he must have competency, capacity, and capability in organizing the general elections; (2) s/he must have high integrity, free from any criminal charges, and have a clean track record; (3) s/he must be a non-partisan and must not be connected to any political party. All those requirements must be fulfilled; otherwise, it will create problems.

Syamsulbahri case exemplified the negligence of KPU's Selection Team that impacted the related institutions in the following process of deciding KPU member candidates by the President, selecting by House of Representatives, and legitimating by the President. Actually President has the right to eliminate Syamsulbahri from the list of KPU member candidates, yet he did not do it. It could be because of the limited allocation of time.<sup>14</sup> At last, 21 KPU member candidates selected by the Team were proposed to the House of Representatives to be determined.

In deciding the KPU members, the House of Representatives depends entirely

on the candidates proposed by the President based on the recommendation of the Selection Team. In fact, the House of Representatives has the right to exclude the ineligible candidate—like Syamsulbahri—but they did not use that right either. Out of 21 candidates, seven were selected to be legitimized by the President, which turned out to be a dilemma. It was because the President was not allowed to authorize the selection beyond what had been in agreement with the House of Representatives.<sup>15</sup> Luckily, Syamsulbahri himself requested the nomination of him self as KPU member to be suspended.<sup>16</sup>

Following the inauguration of 6 selected KPU members, President was faced with a controversy in which he was considered violating the law for inaugurating 6 instead of 7 selected KPU members as agreed by the House of Representatives. Yet, the Law no 22/2007 does not contain any sanctions regarding such violation.<sup>17</sup> It by no means impacted on the President even though his decision had violated the law which was the extension of the constitution. Yet, violating the constitution would not affect the President either, except for the violation as regulated in Article 7A of the 1945 Constitution. The violations contained in that article were in the form of state deception, bribery, corruption, other

<sup>12</sup> See Jeffrie Geovanie, "Seleksi KPU Nan Heboh Itu," *Suara Pembaruan*, 3 September 2007. See also, Ibrahim Fahmy Badoh, "Menggugat Proses Seleksi Komisi Pemilu," *Koran Tempo*, 19 September 2007.

<sup>13</sup> Digested from Article 11 UU No. 22 / 2007 on Organizing General Elections.

<sup>14</sup> Article 12 Paragraph (2) UU No. 22/ 2007 on Organizing General Elections.

<sup>15</sup> Article 16 Law No. 22 Year 2007 on Organizing General Elections.

<sup>16</sup> *Kompas*, 19 October 2007.

<sup>17</sup> *Koran Tempo*, 20 Oktober 2007 and *Suara Pembaruan*, 22 Oktober 2007



criminal acts, disgraceful acts, and illegibility of being a president. As the violation concerning the general elections does not belong to this category, the President was therefore free from any sanctions.

So far, there is no other nominated KPU member who was appointed to replace Syamsulbahri's position. Due to the fraud charges, Syamsulbahri had lost his constitutional right and obligation of being KPU member.<sup>18</sup> As Syamsulbahri case remains unsettled, KPU still consists of 6 members, and yet no party can be blamed for the absence of one KPU member.

## POLITICAL LAW

There is only one year and a half left for Indonesians to carry out the general elections to vote for legislators (DPR, DPD, and DPRD) and for president and the vice president. In preparation for that, many have been done to amend the law on politics, such as the law on legislative election, the law on political parties, the law on presidential elections, the Population Census (*Sensus Penduduk/ Susduk*) bill of People's Assembly/ MPR, DPR, DPD, and DPRD. Of all those laws, only the laws on general elections and the law on political parties that were already deliberated. The bill on political parties was already agreed by the House of Representatives and the Government to be ratified as law on 6 December 2007.

<sup>18</sup> Article 29 Paragraph (4a) Law No. 22 Year 2007 on Organizing General Elections.

The amendment of those 4 laws was expected to be able to promote the process of democracy and the improvement of general elections practices.

With regard to the bill on political parties, there were some crucial issues that needed to be deliberated in depth, thus becoming time consuming. The bill on general elections, for instance, contains issues concerning campaign, electoral disputes, electoral districts, electoral systems, number of legislative candidates, number of House seats, electoral threshold, and parliamentary threshold. Meanwhile, the bill on political parties contains requirements for establishing a political party, the basis and the characteristics of a political party, women representation in political organization, political party's finance, political party's functions, political parties' disputes, and sanctions.<sup>19</sup>

Intense debates took place due to the dissenting opinions between the law-makers.<sup>20</sup> On the one hand, F-PDI and F=PG demanded a proportional system with a list of candidates being open but limited. In their view, such a system could harmonize people sovereignty and political party in determining the selected candidate. This means, the selected candidate would be determined by two possibilities: first, by the sequent number determined

<sup>19</sup> Explained by Head of Special Committee for the Electoral Bill, Ferry Mursyidan Baldan (F-PG) and Head of Special Committee for the Bill on Political Party, Ganjar Pranowo (F-PDIP) as quoted in *Media Indonesia*, 3 November 2007.

<sup>20</sup> *Media Indonesia*, 6 October 2007.



by the party and second, by the minimum percentage of votes gained by each legislative candidate. Golkar demanded the minimum number of votes to be gained ranged between 25% and 50%. On the other hand, other factions, such as F-PPP, F-PKS, F-PAN, and F-PKB demanded a genuine and open system of proportion in which the selected candidates should be determined by the majority of votes. This was in line with the government's view as proposed in the Electoral Bill.

Other intricating article that has long been elaborately debated is the one concerning electoral threshold. It has been controversial since it was registered in Problem List of the Electoral Bill. Some Islamic parties, such as Partai Bintang Reformasi (PBK), Partai Persatuan Pembangunan (PPP), Partai Amanat Nasional (PAN), serta Partai Bulan Bintang (PBB) strongly objected the points to be amended as proposed by Partai Demokrasi Indonesia Perjuangan (PDI-P) and Partai Golkar (F-PG). Their proposed amendment was suspected of hampering small parties, and therefore the amendment of that law was allegedly based on group interest and not common interests.<sup>21</sup>

Referring to electoral campaign, Fraksi Partai Golkar (F-PG) and Fraksi Partai Demokrat (F-PD) demanded civil servants to be allowed to join the electoral campaign as they have the right to vote. Meanwhile, F-PPP disagreed with it even though civil servants had the right to vote. In their view, civil servants'

involvement in the electoral campaign would seriously give impact on their unity in serving the public.<sup>22</sup> After prolonged debates, it was finally agreed that civil servants were allowed to be involved in the campaign on individual basis without using party's attributes or state-owned facilities.<sup>23</sup> Children over 12 years old and Indonesian National Soldiers (*Tentara Nasional Indonesia/TNI*) were also allowed to campaign but without official attributes.<sup>24</sup>

The above issue had been contentiously responded by many due to a number of reasons. First, the demand was considered a little bit too much, as involving Indonesian National Soldiers (TNI) members, kids over 12 years, and civil servants would only complicate the existing problems. Besides, the army themselves were unlikely to use their right to vote. Second, the Indonesian soldiers were not allowed to be members of any political parties, and therefore were not eligible to join the electoral campaign. As nation's defence instrument, the soldiers should embrace the interests of all parties. Third, the Army (TNI-AD) would not allow their soldiers to join the electoral campaigns, albeit in their own individual capacity, in order to avoid misunderstanding and being scapegoats. Indonesian soldiers must therefore be politically objective and non-partisan.<sup>25</sup>

<sup>22</sup> *Media Indonesia*, 10 Oktober 2007.

<sup>23</sup> *Suara Pembaruan*, 13 November 2007.

<sup>24</sup> *Koran Tempo*, 9 November 2007.

<sup>25</sup> A statement delivered by Army Chief of Staff, General Djoko Santoso as quoted in *Republika*, 10 November 2007.

<sup>21</sup> *Republika*, 13 September 2007.



The most divisive issue among the articles in the bill on political parties being deliberated is concerning political parties' basis and characteristics. Partai Demokrasi Indonesia Perjuangan (PDI-P), Partai Demokrat (PD), dan Partai Golkar (PG) proposed all the political parties in Indonesia must base their organization on Pancasila and the 1945 Constitution. The previous regulation stating that political party's basis should not contradict Pancasila and the 1945 Constitution had caused multi-interpretations. Other parties, such as Partai Keadilan dan Sejahtera (PKS), Partai Bulan Bintang (PBB), dan Partai Persatuan Pembangunan (PPP), rejected that proposal. In their view, equallizing the political parties' basis and Pancasila would only be a useless discussion and contrary to the reform spirit. These parties used Islamic ideology as their political basis and characteristics; and, according to them, Bung Karno as the inspirator of Pancasila, never himself forced all groups of society to be uniformly based themselves on Pancasila.<sup>26</sup> Even the other parties, such as F-PPP, F-PAN, F-KB, F-PKS, F-Bintang Pelopor Demokrasi, F-PBR, dan F-PDS, also opposed the suggestions made by those 3 parties and yet supported the government's proposal in which the political party's basis should not contradict Pancasila and the 1945 Constitution.<sup>27</sup>

The issue remains contentious even though it was already ratified. Compromise had been achieved with some points raised by 5 factions to be noted.

<sup>26</sup> *Republika*, 13 September 2007.

<sup>27</sup> *Kompas*, 27 September 2007.

They opposed the point as regulated in Article 9 Paragraph 3 stating that political parties' basis and characteristics as contained in Paragraph 1 and Paragraph 2 are the extension of Pancasila and the 1945 Constitution of the Republic of Indonesia. Such formulation could be misleading as it seems subordinating their party's basis, i.e., Islamic basis.<sup>28</sup>

### ISSUE ON LOCAL GOVERNMENT HEAD ELECTION (PILKADA)

Today Indonesians begin to reap the excess of democracy resulting from the political reform that has not been well maintained. Law and order fail to exist, allowing self-centered manner among the elites. Conflicts and disputes emerge ceaselessly almost daily, leading to latent threat in the future.

As a case in point, Pilkada that was the fruit of democracy at the local level turned out to cause many disputes followed by riots in many parts of the country. There were 3 main reasons for such situation. First, KPU at the local level (KPUD) failed to perform honesty and fairness. Second, electoral contestants were

<sup>28</sup> Five factions that gave objection notes were Fraksi Partai Persatuan Pembangunan (F-PPP), Fraksi Partai Amanat Nasional (F-PAN), Fraksi Partai Keadilan Sejahtera (F-PKS), Fraksi Bintang Pelopor Demokrasi (F-BPD), and Fraksi Partai Bintang Reformasi (F-PBR). Whereas other factions that agreed with the proposal were Fraksi Partai Golkar (F-PG), Fraksi Partai Demokrasi Indonesia Perjuangan (F-PDIP), Fraksi Partai Demokrat (F-PD), Fraksi Kebangkitan Bangsa (F-KB), and Fraksi Partai Damai Sejahtera (F-PDS). See, *Kompas*, 7 Desember 2007.



not ready to lose. Third, the electoral rules and regulations remain contentious, thereby resulting in varied interpretations.

A number of Pilkada cases that took place in the last quarter of 2007 mostly ended up in protests and riots, such as those happening in North Maluku and South Sulawesi. In the case of Pilkada in North Maluku, the local KPU (KPUD) was indicated of marking up the ballots. Therefore, the central KPU considered it legally weak since the process did not go in accordance with the effective legal measures.<sup>29</sup> To solve the problem, KPU held a plenary meeting, yet it resulted in an even worse situation in which the local KPU insisted that the electoral result they counted was constitutionally legal and correct. Therefore, they refused to sign the minutes of ballot recalculation. In contrast, the central KPU was accused of being unconstitutional.<sup>30</sup>

The focus of the issue was no longer about the alleged marking up of the votes by the local KPU, yet that the central KPU took over the ballot recapitulation had become the main problem questioned by many. First, the central KPU was considered prone to be used as political instrument by a certain political group. Hence, they were forced to transparently explain to the public why they took over the ballot recapitulation instead of requesting the local KPU of North Maluku to explain their performance.<sup>31</sup> Second,

KPU's decision was considered legally weak as its authority was limited to supervising and facilitating. It did not have any right to take over KPUD's task, should the latter fail to carrying out Pilkada. In case of any complaint over the final result of the ballots, the case should be forwarded to the High Court.<sup>32</sup>

The same case also took place in South Sulawesi in which the recapitulation of the ballots conducted by the local KPU was strongly opposed by the losing electoral contestants, since they discovered some fraudulent facts. They found the envelope of the ballot recapitulation from Takalar District was illegally torn off and the ballot box from Sopeng District was illegally broken.<sup>33</sup> The decision made by

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<sup>31</sup> Disclosed by Coalition for Electoral Monitoring Society that comprised 12 civil groups and Head of Political Division of National Legal Reform Consortium, Yulianto, as quoted in *Kompas*, 24 November 2007.

<sup>32</sup> The same comment was also raised by the Coordinator of the Club for Election and Democracy (Perkumpulan untuk Pemilu dan Demokrasi/Perludem) Didik Supriyanto, Executive Director of Civil Society Circle (Lingkar Masyarakat Madani/Lima) Ray Rangkuti, Head of DPP Partai Demokrat Anas Urbaningrum, and a political researcher of CSIS, Indra J. Piliang. See, *Republika*, 24 November 2007.

<sup>33</sup> The pair of Syahrul Yasin Limpo – Agus Arifin Nu'mang is supported by Partai Amanat Nasional (PAN), Partai Demokrasi Kebangsaan (PDK), Partai Demokrasi Indonesia Perjuangan (PDI-P), and Partai Damai Sejahtera (PDS). The pair of Amin Syam – Mansyur Ramli is supported by Partai Golkar, Partai Keadilan Sejahtera (PKS), Partai Demokrat (PD), Partai Kebangkitan Bangsa (PKB), and Partai Keadilan Persatuan Indonesia (PKPI), *Republika*, 15 November 2007.

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<sup>29</sup> Explained by Head of KPU, Abdul Hafiz Anshary, as quoted in *Republika*, 20 November 2007.

<sup>30</sup> *Kompas*, 23 November 2007



the local KPU was finally rejected by the losing contestants and they planned to file the case to the High Court.

Democracy is always open for differences. Yet, in Indonesia people are not yet ready to accept differences in opinion. Some people still prefer violence rather than dialogues. In fact, disputes or conflicts can be avoided through compromise or dialogues. All disputes during the Pilkada must be avoided through fairness. Violence should not be used at times of disagreement or objection. At the same time, disagreement or protests should not be groundless..

Political system may be imperfect, but it can be improved if the elites have the willingness to do so. Self-centered orientation must therefore be neglected. Otherwise, it will be a draw-back for democracy to prevail in Indonesia.

## LAW ENFORCEMENT

The last quarter of 2007 witnessed a number of controversial issues in legal sector, such as the case of illegal logging as conducted by the suspect, Adelin Lis, in Medan, North Sumatera. The suspect was released as he was found not guilty. It was because the company he owned—PT Keang Nam Development Indonesia (KNDI)—was a private one not the state-owned company. The release of Adelin Lis had disappointed many people, particularly police and prosecutors, since they had investigated the case maximally. Others considered the release of the suspect of illegal logging case, Adelin Lis,

as the government's failure in enforcing the law.

Regarding the release of Adelin Lis, there were 3 main questions to be raised. First, if the violation he committed was considered administrative in nature, then it was the Minister of Forestry who needed to follow up questioning the violation as reported by the Head of Police of North Sumatera (Kapolda Sumut). Hence, President needs to reevaluate the performance of the current minister of forestry, MS Kaban.<sup>34</sup> Second, the prosecutor's charge of illegally logging in HPH area was considered weak. Thus, the former's professionalism must be questioned.<sup>35</sup> Third, the High Court would decide whether the release given to the defendant was convincingly correct. Should it be wrong, the judges would deserve some official sanctions.<sup>36</sup>

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<sup>34</sup> According to Rahmad Purba from Wahana Lingkungan Hidup Indonesia (WALHI), North Sumatera, A a formal letter was written by the Minister of Forestry to Chief of Police (Kapolri) and Provincial Head of Police of North Sumatera (Kapolda Sumut) with registration no S 259/Minister of Forestry/IV/2006 dated 21 April 2006. See, *Suara Pembaruan*, 7 November 2007.

<sup>35</sup> Comment made by Adelin Lis' lawyer, Hotman Paris Hutapea, as quoted in *Kompas*, 7 November 2007.

<sup>36</sup> Stated by Public Relations of Medan High Court, Aspar Siagian, investion team was led by the judge Elsa Mutiara Napitupulu. The other 4 judges to be investigated were Jarasmen Purba, Dolman Sinaga, Ahmad Semma, dan Robinson Tarigan. Meanwhile, Head of judges, Arwan Byrin, could not give any comment, as he was not available. See, *Republika*, 10 November 2007.



To clarify Adelin's case, Yudicial Commission was also involved.<sup>37</sup> The Commission discovered some facts indicating inappropriaty in the legal process involving the court procedures. The judges were suspected of intentionally ignoring the evidence in the form of timber resulting from the illegal cutting down of forest trees. The trial should have been performed on site.<sup>38</sup> The obscurity and complexity of the legal process in this country were implied in Adelin's case. The government's main agenda, i.e., abolishing corruption, is therefore hard to achieve.

Another corruption case that ended up in the release of the suspect was the fraud case allegedly committed by the Director of State-owned Electricity Company (PLN), Eddie Widiono and the other 3 suspects for charges on corruption in the procurement project. Interestingly, they were released although the court had decided that they were charged for abuse of authority causing losses to the state amounting to IDR 122 billion.<sup>39</sup> The termination of the charges against Eddie and the other defendants became even questionable. It was the ability of the prosecutors in collecting evidence and handling the case that must be questioned

The competence and capacity of the legal officers in this country are also open

to question, such as seen in the Bulog case in which the suspect was released since his alleged violation as stated in the primary charge was by no means proven. After all, it was not clear whether such release was due to the weakness on the part of the judges or to the possible invisible hands that intervened the case.

Another more interesting case can be seen in the graft charges addressed to the former miniter of marine and fishery, Rokhmin Dahuri. He was charged for receiving bribes and forcing his subordinates to raise fund. He was punished 7 years and fined as much as IDR 200 million which was equal with 6 months to be jailed if not paid.<sup>40</sup> The question is: Why were those who received the money from Rokhmin not punished? Among those who received the money and admitted it were Amien Rais<sup>41</sup> and Sarwono Kusumaatmadja.<sup>42</sup> Others who were suspected of receiving the fund were Akbar Tanjung and Saifullah Yusuf.<sup>43</sup>

All those cases have made people distrust the willingness on the part of the government to improve the current condition. Even worse, the government

<sup>40</sup> *Kompas*, 24 July 2007.

<sup>41</sup> Former Leader of PAN, Amien Rais, admitted that he received the fund from Department of Marine and Fishery to be used for electoral campaign and for presidential election. See, *Media Indonesia*, 12 May 2007.

<sup>42</sup> A DPD member representing DKI Jakarta, Sarwono Kusumaatmadja, admitted that he received some money from Rokhmin Dahuri, to pay him as the advisor of National Maritime Board (Dewan Maritim Nasional), as quoted in *Suara Karya*, 4 July 2007.

<sup>43</sup> *Republika*, 26 June 2007.

<sup>37</sup> See, *Suara Pembaruan*, 14 November 2007.

<sup>38</sup> Explanation by Head of Yudicial Commission, Busyro Muqoddas, as quoted in *Koran Tempo*, 15 November 2007.

<sup>39</sup> See, *Koran Tempo*, 3 November 2007.

has also appointed Antasari Anhar as Head of Corruption Eradication Commission (Komisi Pemberantasan Korupsi/KPK).<sup>44</sup> He was considered of having a negative track record, as he was suspected of receiving bribes, which he denied.<sup>45</sup>

## CONCLUDING REMARKS

Based on the above explanation, it can be noted that there are a number of measures that need to be taken. First, the government should focus on people's welfare. Public policies must be made on the basis of people's interests. This is important for the government to gain public trust. Saving the state budget does not necessarily mean to sacrifice people's interests. The people of Indonesia have long been suffering from economic pressures. The increase in prices should not persistently happen every time the religious celebrations come.

Second, recruitment of state officials must be carried out based on merits; and it must be conducted transparently using standard benchmarking. A selection team for recruiting state or public officials must therefore be professionally open for criticism and dialogues. Indeed, they must

consider public participation in making a decision.

Third, the process of law making should be based on the sense of nationality so that it can produce more objective laws that do not take sides of any particular groups. Such laws can accordingly be expected to be comprehensive and applicable for the long term. Fourth, the elites must not be self-centred and afraid of being losers. They must therefore be able to accept other's triumph. They need to give political education to the laymen so that they can respect decisions made by state institutions. They should also be able to settle the problems legally. This will accordingly avoid possible violence.

Fifth, the most important of all is law enforcement that is correctly and well carried out. This is the responsibility of not only the government and the legal officers but also the whole nation. They need to support each other for the law enforcement to be successfully implemented. The habit of bribing and accepting bribes must be eradicated, for crime can only be conquered by those who possess high integrity.

<sup>44</sup> Antasari Azhar was elected as Head of KPK for the period of 2007-2011. See, *Kompas*, 7 July 2007.

<sup>45</sup> The charge for receiving a luxurious house as a graft was related to the case of Tommy Soeharto. See, *Koran Tempo*, 4 September 2007.



# REVIEW OF ECONOMIC DEVELOPMENT

## A Continued Upbeat Growth

*Indira Hapsari*

### GENERAL OVERVIEW

**I**NDONESIA economy continues to climb and still on the right track to meet the government target of 6.3% growth. In the third quarter, economy exhibited a relatively high growth of 6.5%. Meanwhile, inflation increased slightly to 6.9% (y-o-y, as of September 2007) due to the rising demand of primary goods approaching Lebaran festivities. The global economy instability factors, such as worsening US subprime mortgage crisis and increasing oil price had put pressure to domestic economy. The central bank seems to employ a steady interest rate at 8.25% to minimize its impact and to keep the economy controlled in order to meet the 2007 inflation target.

Other issues throughout the third quarter are the The Business Competition Supervisory Commission (KPPU) rules on Temasek on breaching the monopoly law, and the eight development priorities in 2008 to help reducing poverty and unemployment rates.

### ECONOMIC GROWTH START TO PICK UP

Economy in the third quarter (Q3) showed a notable performance. High growth continued to take place, exhibiting a 6.5% (y-o-y) growth in Q3. So far, this is the highest growth since Q4 2004 where economy grew by 7.2% (y-o-y), and achieved the government target for 2007 of 6.3%. From expenditure side, the growth was attributed to the increase in export of goods and services as commodity prices continued to rise, followed by household consumption and investment. Meanwhile, from production side, agriculture sector and transport and communication recorded the highest growth at 8.9% and 12.52%, respectively.

#### **Expenditure Side**

There has been an upward trend in the growth rate in 2007, from 6% in Q1, 6.3% in Q2, to 6.5% in Q3. This implies that the government target of 6.3% growth in 2007 would likely to be achieved,

Table 1. GDP Growth Components: Expenditure Side (2000 price; y-o-y)

	2006		2007			Source of Growth (%)	
	Q3	Q4	Q1	Q2	Q3	q-o-q	y-o-y
Consumption	2.8	3.5	4.6	4.6	5.4	1.6	53.8
Household consumption	3.0	3.8	4.7	4.7	5.3	2.0	46.3
Food	2.2	2.9	3.8	3.9	4.7	2.4	19.5
Non-Food	3.7	4.5	5.4	5.4	5.8	2.2	26.9
Government consumption	1.7	2.2	3.7	3.8	6.5	-2.6	7.4
Gross fixed capital formation	1.3	8.2	7.8	7.0	8.8	5.3	29.6
Change in stock	-24.6	-88.6	27.1	-28.1	62.9	142.6	12.0
Export of goods and services	8.2	6.1	8.9	9.8	7.8	2.2	55.5
Less import of goods and services	10.1	9.7	8.4	7.3	8.1	6.4	-47.7
Gross Domestic Product	5.9	6.1	6.0	6.3	6.5	3.9	100.0

Source: BPS

which is higher than last year growth of 5.3%. Increased investment, strong household consumption, and strong exports contributed to the rates. In the region, Indonesia seems well in coping up with other neighboring countries as the growth was comparable with Malaysia and Philippines. The growth was even higher than Thailand which grew averagely by 4.6% as of September 2007.

After experiencing a moderate growth of 7% in the previous quarter, investment was growing faster of 8.8% (y-o-y) in the

third quarter. This is also in contrast to the same period in 2006 where investment grew only by 1.3% (y-o-y). The sources of this growth were mainly construction (5.7% of total 8.8%) and foreign machines and equipments (2.7% of total 8.8%), mainly due to an improved of business expectation on the global economy and better stability in domestic economy. This is represented by the Central Bureau of Statistic (CBS) survey that shows an improvement in the business sentiment in Q3 2007, particularly those related to domestic and foreign demand condition,

Table 2. GDP Growth in ASEAN Countries (% , y-o-y)

Country	GDP growth of ASEAN Countries (% , y-o-y)			
	Malaysia	Philippines	Thailand	Indonesia
Sep, 2006	6,0	5,1	4,5	5,9
Des, 2006	5,7	5,5	4,3	6,1
Mar, 2007	5,5	7,1	4,2	6
Jun, 2007	5,8	7,5	4,3	6,3
Sep, 2007	6,7	6,6	4,9	6,5

Source: CEIC Asia Database



and those related to input demand. This improvement is associated by a better stability in the domestic economy and upbeat economy due to easing inflation. However, this number is considered low compared to the portfolio investment coming to Indonesia. As we can see in the figure below, the portfolio investment shows an upward trend while the FDI has been relatively stagnant.

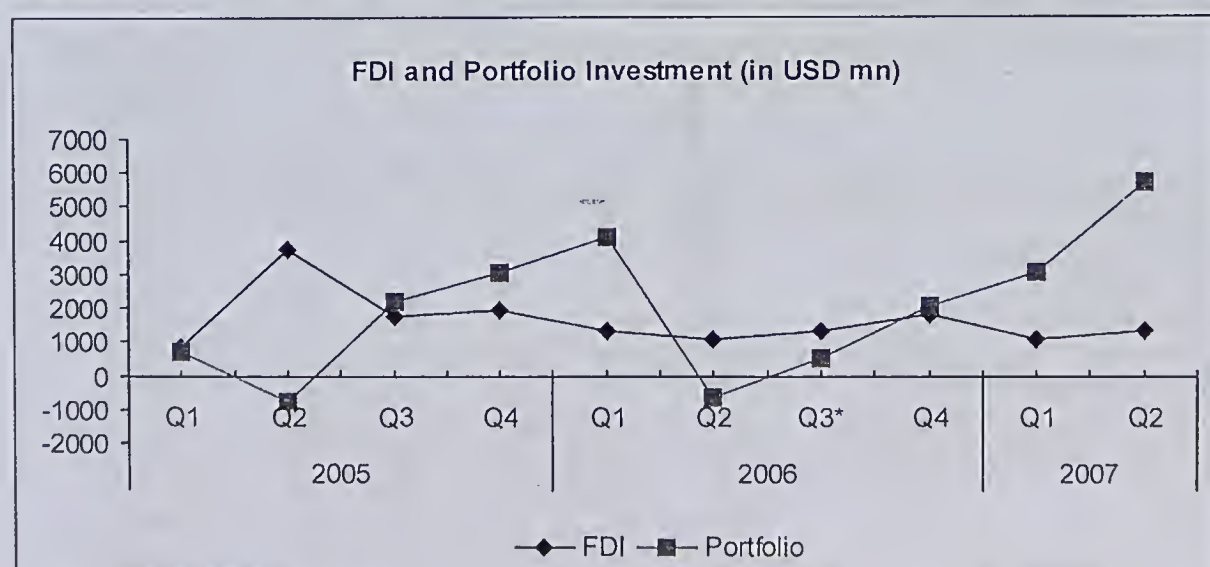
Much of the third quarter's growth was still contributed by consumption and exports, by about 54% and 56%, respectively. Meanwhile, investment contributes substantially in the third quarter 2007, by about 30%. However, the growth rate of the investment was much below the growth rates in the other two previous quarters. This may indicate some constraints for investment, and poor infrastructure could be one of the reasons.

Meanwhile, external factors like global economy, particularly high demand on

trade goods and increasing commodity prices has led to an increase in export growth. However, export only grew by 7.8% (y-o-y), declining from the second quarter of 9.8% (y-o-y). This is also slightly below last year growth at the same period of 8.2% (y-o-y). Decline on exports is mainly sourced from exports of goods, which grew by 6.2% (y-o-y) compared to last quarter of 9.4% (y-o-y).

Household consumption grew by 5.3% (y-o-y), the highest growth since the crisis in 1997. The growth was mainly driven by non-food consumption which grew by 5.8%, slightly higher than the second quarter but in contrast to the last year growth in same period of 3.7%. Increasing of people purchasing power and expectation on the economy due to easing inflation and seasonal factors were behind this growth. This upward trend in household consumption implies a continuous recovery from the 2005 gasoline subsidy cut.

Figure 1. FDI and Portfolio Investment (in USD million)



Source: CEIC Asia Database

## Production Side

On the production side, agriculture shows an impressive performance while manufacturing shows a sluggish growth and service sectors continue their moderate growth. Agriculture surprisingly grew by 8.9% (y-o-y), exhibiting an improvement compared to the previous quarter of 4.8%. It also contrasts to the same quarter on 2006 in which it only grew by 2.2%. The most rapidly growing sectors in Q3 2007 are electricity, gas and water, and transportation and communication. Meanwhile, manufacturing shows a reduced growth of 4.5% compared to either previous quarter of 5.1% or 5.9% in the same quarter last-year.

Agriculture, which is the highest contribution sector of growth by 20%, grew by 8.9% and was likely due to higher output of rice and corn (CBS 2007) and a continued high world demand on

crude palm oil. This is favorable for the economy in the sense that sluggish growth in agriculture usually reduces the overall growth figures as it contributes the largest to the economy. Meanwhile, the manufacturing sector experienced a declining growth, presumably due to the higher input prices, prolonged dispute over labor law, costly custom procedures, bottleneck in infrastructure, and weak FDI performance in this sector.

## Outlook for 2007

The government has set a target of 6.3% growth in 2007. With economy growth shows a continuing increased momentum, the 6.3% target is likely to be achieved. However, the classical problem should be considered as this high growth should be translated to real sector activities such as reducing unemployment and poverty. Should the pace of investment growth at least be maintained and agriculture show a sustained

Table 3. GDP Growth Components: Production Side (2000 price, y-o-y)

	2006		2007			Source of Growth
	Q3	Q4	Q1	Q2	Q3	y-o-y
Agriculture	2.2	1.8	-1.1	4.8	8.9	20.0
Mining and Quarrying	1.6	0.7	6.3	3.1	1.8	3.1
Manufacturing	5.9	5.9	5.3	5.1	4.5	18.5
Electricity, gas, and water	5.8	8.1	8.5	10.5	11.7	1.5
Construction	9.3	10.4	9.5	7.9	7.5	7.7
Trade, hotel, and restaurant	7.5	7.0	8.0	7.3	6.9	18.5
Transportation & Communication	13.6	15.9	12.1	11.8	12.5	12.3
Financial, ownership & business	4.7	6.8	7.9	7.9	8.0	10.8
Services	6.8	6.0	6.8	7.0	5.7	7.7
GDP	5.9	6.1	6.0	6.3	6.5	100.0
GDP, excl. Oil and Gas	6.6	6.6	6.5	7.0	6.9	98.5

Source: BPS



relatively high growth, favorable economic condition could possibly be possible accomplished. More growth in the labor-intensive agricultural sector should also provide more employment ahead. Meanwhile, the government should not forget its homework in improving classical problem, such as poor infrastructure and bureaucracy issues.

MONETARY DEVELOPMENT

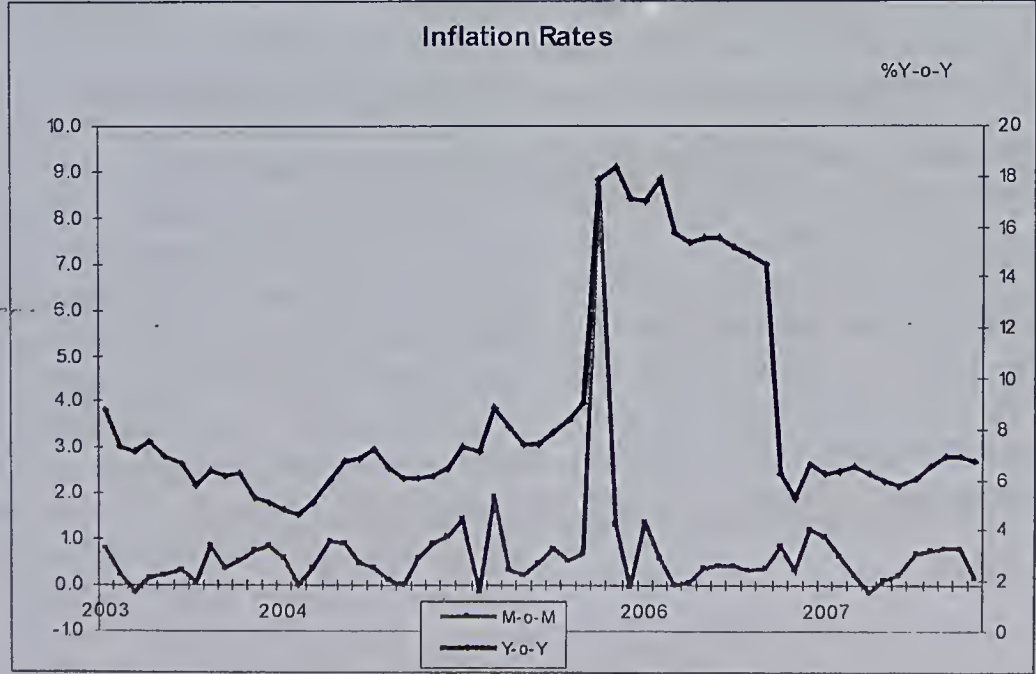
The monetary authority kept a steady hand throughout Q3 2007. Bank Indonesia has maintained the BI rate at 8.25% from July to October 2007. The policy was taken to minimize the risk on the global economy although still expected to stimulate the economy. Meanwhile, inflation stood at the average of 6.7% (y-o-y), a slight increase due to seasonal

factors. On the other hand, rupiah appreciated to IDR 9,137 per US\$ and the Jakarta composite index continued to climb and reach 2,359.2.

Inflation in Q3 2007 stood at 6.9% (y-o-y) in September 2007, a slight increase from July of 6% and August of 5.5%. This is driven by the increase in monthly inflation since July 2007 of 0.72%, compared to June inflation of 0.23%. An increase in mothly inflation continues to occur up to September 2007 to 0.8%. The main source of inflation is largely due to the rise in price of staple food due to seasonal factors and increase in global commodity prices.

Inflation in foods increased sharply, from 10% (y-o-y) in the second quarter of 2007 to 13% in the third quarter. During the third quarter of 2007, inflation in foods

Figure 2. Inflation Rates (% , y-o-y)



Source: BPS

Table 4. Inflation Components (% , y-o-y)

	2007				
	May	June	July	August	September
Food	-0.11	0.13	0.33	0.21	0.47
Prepared Foods, Beverages & Tobacco	0.08	0.06	0.07	0.08	0.08
Housing	0.10	0.04	0.08	0.22	0.03
Clothing	0.01	-0.03	0.04	0.03	0.07
Health	0.00	0.01	0.01	0.01	0.02
Education, Recreation & Sports	0.00	0.00	0.18	0.19	0.12
Transportation & Communication	0.02	0.02	0.01	0.01	0.01

Source: BPS

is the largest contribution to overall inflation. Some of commodities recorded a relatively high inflation are cooking oil, eggs, and chicken. The increase was fueled by higher domestic demand in approaching the Ied-Mubarak and increase in global commodity prices like crude palm oil and corn. The high contribution of foods is followed by education sector as it also pushed price upwards by 0.18% in July and 0.19% in August. This is likely due to the new year of schooling term in which spending on books, uniforms and particularly enrollment is substantial.

However, stable trend in the price of rice and spices helps to thwart inflation pressure in foods. This stable price of rice is related to the controlled stock of rice by BULOG which has been ready to carry out market operation whenever the rise in price of rice is considered over its normal limit and rice import mechanism, to help prevent rice shortage.

### Monetary Policy

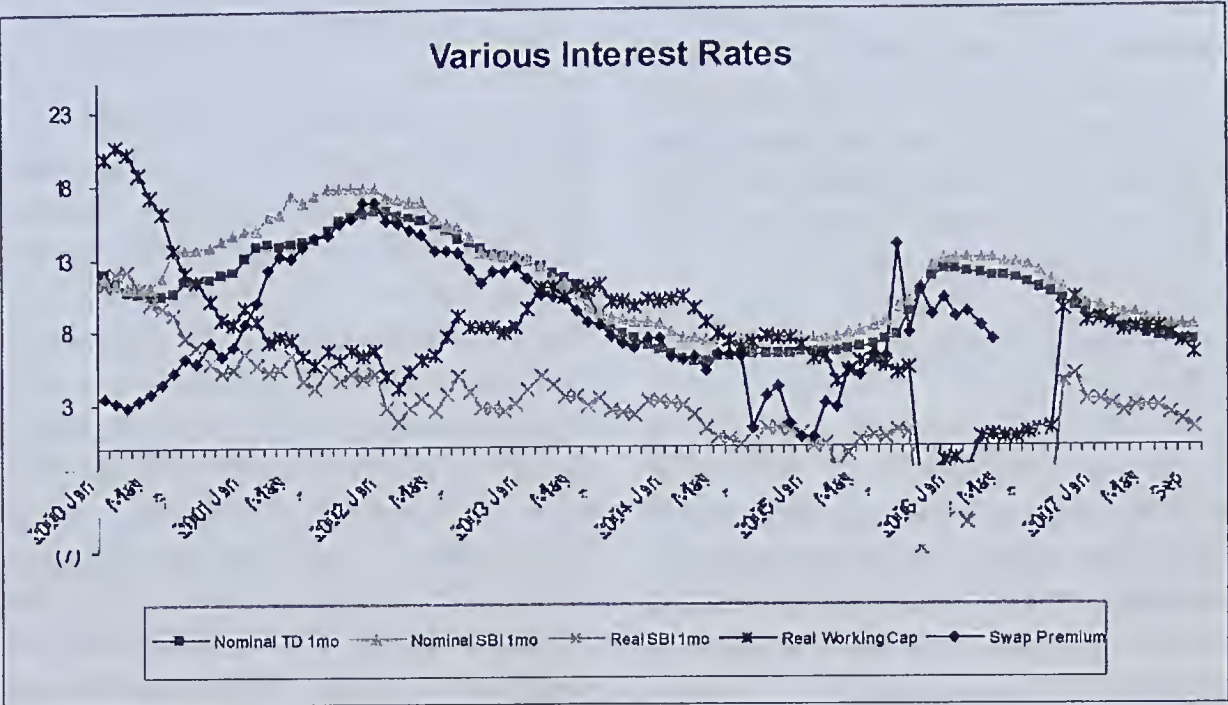
The monetary authority kept a steady hand over monetary policy throughout Q3 2007. The BI rate was kept at 8.25%.

Possible inflationary pressures and volatility in the Rupiah coming from external factors such as increasing oil prices and subprime mortgage crises in the United States has led Bank Indonesia to conduct prudent policy—not to further lower the BI rate—towards its risk to domestic economy. This policy is also taken so that inflation target is of  $6 \pm 1\%$  kept in track.

From the money supply side, both M1 (Currency and Demand Deposits) and M2 continue to experience an increase so the average growth in third quarter is 24.27% and 17.41% respectively. This worsens compared to the previous quarter which M1 and M2 grew averagely at 20.64% and 14.62% respectively. Quasi Money, as the biggest component of M2, grew steadily at around 15% (y-o-y) in August and September 2007. However, there is an increase in growth of quasi money compared to June 2007 of 13.82%. Looking from the factors affecting the growth of M2, increase in M2 growth was likely contributed to the increase in government spending and credit supply from banks. This is presumably one of the reasons for BI to not go further in lowering the BI rate.



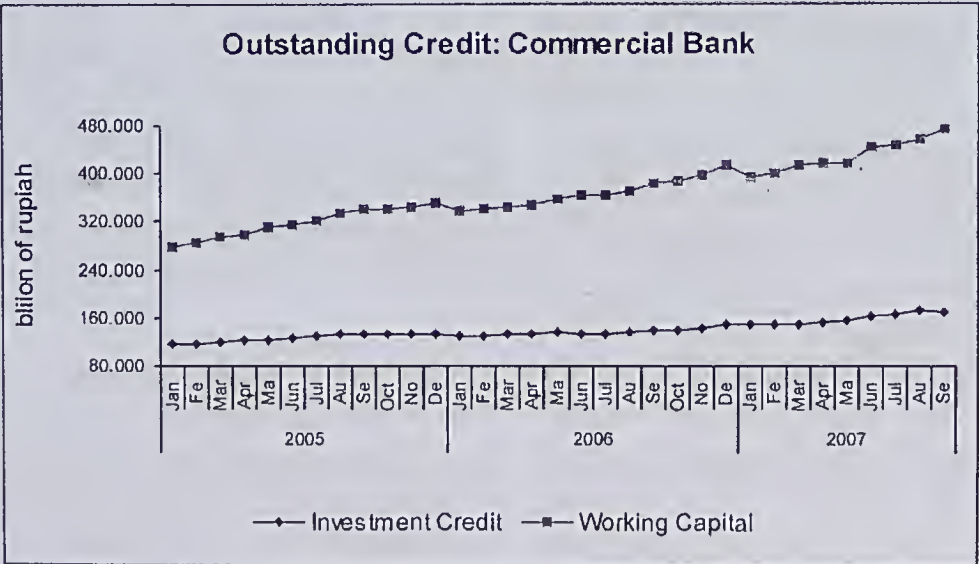
Figure 3. Various Interest Rates (%)



Source: CEIC Asia Database

Meanwhile, decreases in both lending rate and saving rate continue to take place. In July 2007, nominal working capital rate decrease to 13.71% from the previous month of 13.88%. The decrease continues to occur until September 2007 of 13.31%. Moreover, nominal investment credit rates and nominal consumption rates continue to decline to 13.82% and 16.68% respectively, from the previous

Figure 4: Outstanding Credit: Commercial Bank (in billion Rupiah)



Source: CEIC Asia Database

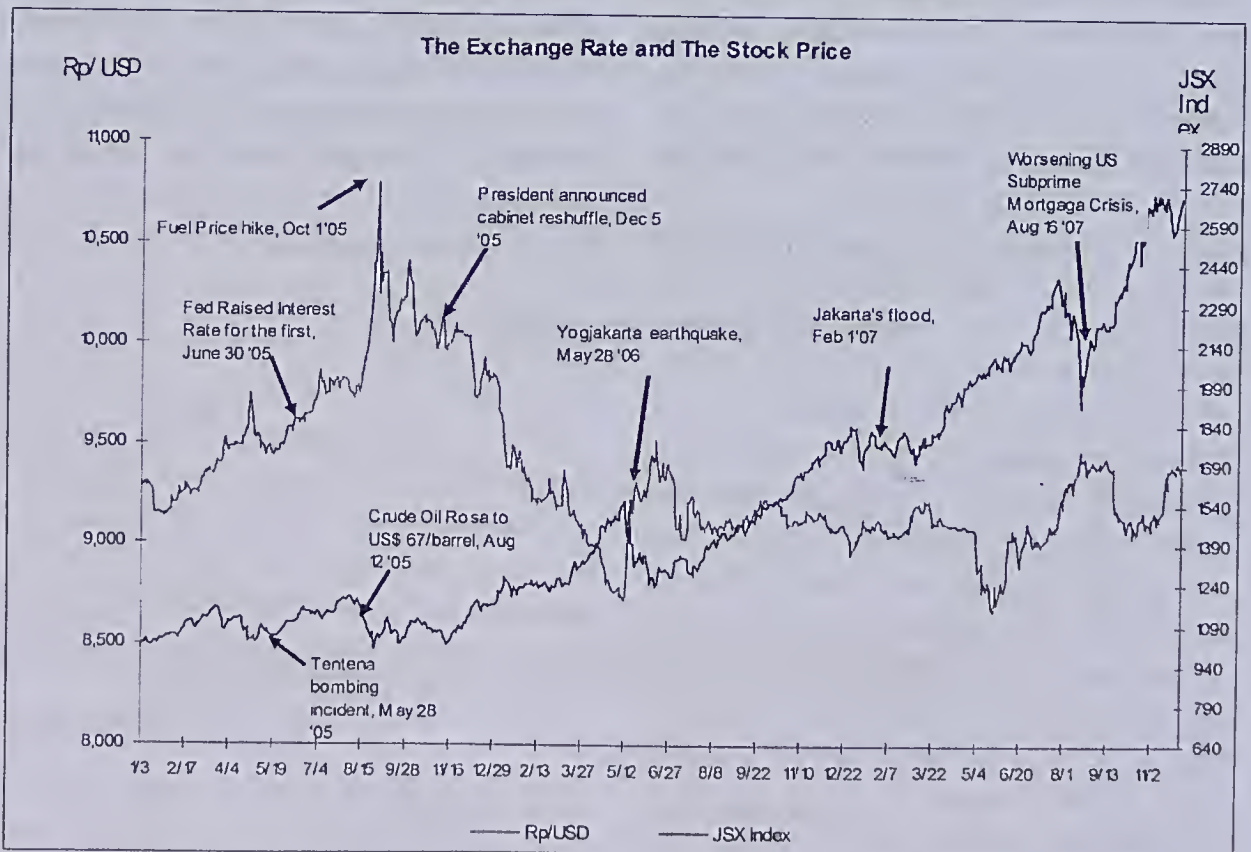
month of 13.99% and 16.91% respectively. Lower lending rate is expected to stimulate economy growth particularly from credit for investment. Saving rates continue to exhibit a decline from 7.26% in July to 7.13% in September. This is also lower from June 2007 where nominal 1 month time deposit is 7.46%.

The role of banking as an intermediate institution improves as credit continues to climb with annual growth of 22.43% in the end of third quarter of 2007. After exhibiting a sharp increase in June by IDR 36.8 trillion credit increased moderately in September by IDR 20.5 trillion, resulting a total credit of IDR 907.2 trillion in September 2007.

### Exchange Rate and Stock Price

Rupiah (IDR) hovered around IDR 9,137 – IDR. 9, 090 per US dollar throughout third quarter of 2007. An increased in volatility in Rupiah towards USD in Q3 was largely caused by indirect effect of subprime mortgage crises in the United States. Rupiah weakened in August with the lowest point to Rp 9,410 per USD in 31 August 2007. The impact of global economy to rupiah was likely caused by increased risk considered by foreign investors towards asset denominated in currencies of emerging markets. However, the impact of is still limited as rupiah rate of returns is still considered attractive, represented by the

Figure 5. Exchange Rate (Rupiah per USD) and Stock Price (index)



Source: CEIC Daily Database



difference in return of SUN and US T-Note by 4.7% in the third quarter (BI reports 2007).

Furthermore, the stock market continued to climb, reaching the highest point of 2,378.2 on 30 September 2007. Jakarta composite index temporarily fell sharp on August 2007, as the impact of worsening US Subprime mortgage crises. The crisis gives impact to the global economy, particularly to those of emerging markets. However, the index starts to improve and climb up to 2,359.2 at the end of September 2007. But as the Fed cut its rate by 50 bps to 4.75%, on 18 September followed by loose policy taken by some of central bank in the global, market started to calm again, resulting an increase in index.

### Outlook for 2007

Looking ahead, although inflation in the third quarter remained stable at an average of 6.7%, global factor will likely to put more pressures on the inflation and rupiah exchange rate. Increase in oil price and subprime mortgage crisis in the United States are the two main factors that are presumably to put considerable impact to domestic economy. However, if BI kept its steady monetary policy and continued to employ its prudent policy of BI rate at around 8%, inflation target of  $6 \pm 1\%$  is likely to achieve.

In the meantime, market expectations that the Fed will continue to cut its rate (to stabilize the market towards threat over subprime crisis) will give positive impact to Indonesia. The differentials between domestic and international rate

will keep foreign investors attracted, and thus create an inflow of portfolio investment to Indonesia. The increase in oil prices will unlikely to create fuel subsidy cuts in the coming year as recent global oil trend have been stable. Rupiah will presumably hovering around IDR 9,100 – IDR 9,300 up to December 2007 and Jakarta Stock Index will presumably continue to crawl and reach point of 2,750.

### BALANCE OF PAYMENT

In the third quarter, as shown in Bank Indonesia preliminary figures, Indonesia's Balance of Payment (BoP) recorded a surplus of US\$ 1.1 billion, driven by surplus in current account by US\$ 2.9 billion, while capital and financial account run a deficit balance by US\$ 0.7 billion. Together with surplus in BoP during Q3, 2007 reserves increased from US\$ 50.9 billion in June 2007 to US\$ 52.9 billion in September 2007. In the meantime, export and import reached US\$ 9,519.1 million and US\$ 6,775.4 million respectively, generating a trade surplus by US\$ 2,763.7 million in September 2007.

### Exports

Indonesia's export in September 2007 exhibiting a decrease by 0.91% compared to August 2007. But in quarterly basis, Indonesian export experienced an increase by 8.5% (y-o-y) in Q3 2007, from US\$ 26.6 billion to US\$ 28.9 billion. These numbers, nonetheless, fell sharply from the corresponding period in 2006 where export grew by 21.5%. Sluggish export growth was likely caused by non-oil and gas export which grew only by 10.3% (y-o-y),

Figure 6. Export Trend (USD million, q-o-q)

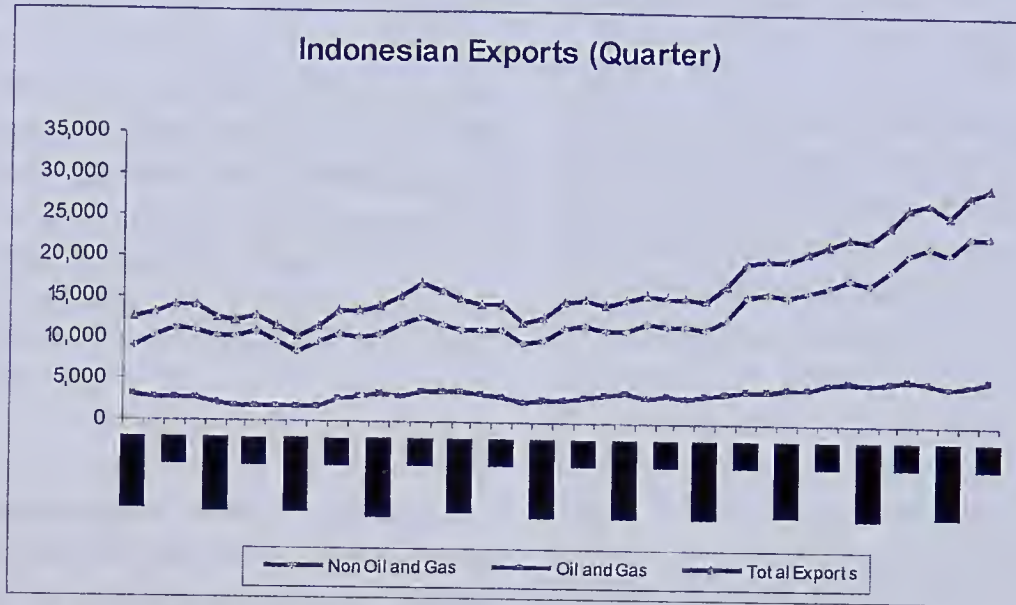
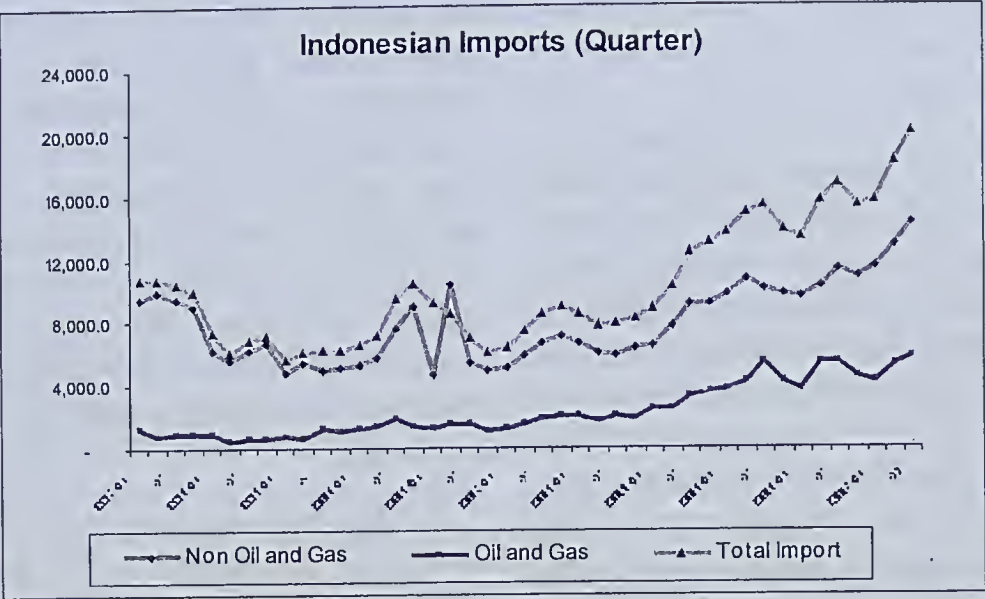




Figure 7. Import Trend (USD million, q-o-q)



large difference on domestic and international interest rates.

### Outlook for 2007

For 2007 BoP is estimated to record a surplus around US\$ 13.6 billion. The biggest contributor will be current account which will record a surplus by US\$ 10.9 billion, higher in surplus of 2006 which only US\$ 9.9 billion. Surplus in BoP is estimated to be backed up by surplus in the non oil and gas trade balance and current transfer. Capital account is estimated to record a surplus around US\$ 5.6 billion. Sharp increase in oil price will give contribution to the trade balance; while differentials between domestic and international interest rates and a controlled macroeconomy condition will continue attract portfolio investment.

### OTHER ISSUES

#### 2008 State Budget Draft

On 16 August 2007, President Susilo Bambang Yudhoyono, in his State of the Nation Address stated that in order to boost economic growth and to reduce poverty and unemployment rates, the government has identified eight national development priorities in 2008. The eight development priorities are as follows: (1) increasing investment; (2) encouraging exports; (3) enhancing work opportunity; (4) revitalizing agricultural sector; (5) revitalizing fishery sector; (6) revitalizing forestry sector; (7) revitalizing village development; and, (8) accelerating infrastructure development

However, the government main focus will be on infrastructure development largely because the lack of infrastructure development in recent years has created bottle necks as manifested in the form of road and port congestions, power shortages, etc., which have driven up the cost of doing business in Indonesia. To address this issue the government increases the allocation for infrastructure rehabilitation and development in the 2008 state budget.

The Ministry of Public Works, the Ministry of Transportation, the Ministry of Energy and Mineral Resources, and the Ministry of Agriculture are among the line ministries that are responsible for infrastructure rehabilitation and development. The allocation of budget for the Ministry of Public Works increases by 41.1% to IDR 35.6 trillion. The amount will be used to, among others, improve inter-island (shipping) infrastructures in Sumatra, Java, Kalimantan, Sulawesi, Bali, Nusa Tenggara, Maluku, and Papua (IDR 15.5 trillion) and for the repair and maintenance programs of about 30,000 kilometers of national roads and 50,500 meters of bridges in different provinces (IDR 3.1 trillion).

Meanwhile, the budget allocation for the Ministry of Transportation is increased by 64.1% to IDR 16.2 trillion. It will be used for the programs to repair railway infrastructures and facilities in Java and Sumatra, as well as sea transportation facilities. In addition, the government also allocates some amounts for the completion of Kualanamu airport in North Sumatra, the completion of Hasanuddin airport in South Sulawesi, and 27 airports in border



areas, remote areas and those that are prone to natural disasters. Finally, the budget for Ministry of Energy and Mineral Resources in 2008 is about IDR 5.6 trillion. It will be used mainly to improve power sector facilities and infrastructures. In addition, Ministry of Agriculture will receive around IDR 8.9 trillion for the procurement and improvement of agricultural infrastructures and other programs to improve productivity in the agricultural sector. It is not clear, however, as to how to reach the targeted population and whether the subsidy will remain if the price of CPO stays high,

Notwithstanding, the success of this development priorities budget is subject to a systematic reform in disbursing the budget, including budgetary management issues with the regional government. The main issue is a very slow budget disbursement. Usually, the government spends only little money at the beginning of the fiscal year but then suddenly increase the spending at the end of the fiscal year. This leads to a problem in the implementation of development program. The other issue is an inefficient distribution mechanism to regions, in regard to the decentralization, and this could lead to some mismanagement in the distribution of fund.

### KPPU Rules on Temasek

The Business Competition Supervisory Commission (KPPU) finally delivered its verdict on Temasek, and it was found guilty of breaching the anti-monopoly law No. 5/1999, Article 27. Temasek was

alleged to have control over two biggest telecommunication company, Indosat and Telkomsel, and this control led to a price-fixing mechanism resulted in a consumer loss in the telecommunication industry. In KPPU decision, Temasek and its subsidiaries have to sell their indirect stake at Telkomsel or Indosat within a two years period from now, and the divested stake has to be offered in a condition that it must not exceed five percent of each buyer. KPPU also told Temasek and eight other subsidiaries to pay the fine of IDR 25 billion for each company. In addition, Temasek should also release its voting right in electing Telkomsel's and Indosat's commissioners and board members. Telkomsel was also forced to lower its tariffs of mobile telecommunication service by 15%.

KPPU's judgment that Temasek could control the telecommunication industry through cross-ownership seems contentious. There are at least three reasons for this. First, Telkomsel and Indosat are two different companies, and they are not affiliated. Therefore, the KPPU's argument to add Temasek's indirect ownership—through STT and Singtel—in Indosat and Telkomsel is clearly misleading and not a valid one. Second, it is actually the government of Indonesia and Telkom (i.e., its state-owned enterprise) that has a dominant position in making decision in Telkomsel and Indosat. Telkom owns 65% and 14.3% of ownership in Telkomsel and Indosat, respectively, and the government holds the so-called golden shares in Indosat, which gives it a veto power over Indosat's important decisions. Therefore,

a question emerged from this is that, how could the government, as the major share holder of Indosat and Telkomsel, let Temasek ordered Indosat and Telkomsel to fix the price? Finally, the third reason—telecommunication services tariff by either Telkomsel or Indosat—is actually still under the bound tariffs set by the government. It is the government of Indonesia, along with Indonesia's Telecommunication Regulatory Body (BRTI), that regulates the main components of telecom tariffs, as stated in the ministerial decree No KM 27./PR.301/MPPT-98.

To ask Telkomsel to lower its tariff by 15% is also rather problematic. This is because, first, the consumers are still willing to pay the asked rate. The other reason is that, Telkomsel's tariff is seen as a 'leader tariff', and if Telkomsel is forced to lower its tariff, we would likely to see some operators exit from the

industry, simply because they cannot compete with the low tariff set by Telkomsel.

If we are looking at the tariff of telecommunication services right now, the competition in the telecom industry is getting tighter. As stated by the economist from University of Gajah Mada, Sri Adiningsih, the competition between operators is greater and tends to lead to price war, and therefore, concern of a cartel or collusive behaviour is unlikely. In one of her study, she found that telecom tariff offered by operators is actually quite low. In spite of the arguments above, the verdict has already been made, and this, unfortunately, creates some negative impact on the government's campaign to increase foreign investment in Indonesia. The Temasek case has exposed some uncertainty issues in doing business in Indonesia



# REVIEW OF REGIONAL AND GLOBAL DEVELOPMENT

## Global Issues: *Si Vis Pacem Para Bellum?*

*Alexandra Retno Wulan*

**M**OST OF the international affairs in the period of August till early November 2007 gave a solid evidence to the international world that domestic cases can significantly provoke imbalances at the national, regional and global level. This article will describe briefly several issues taking place in the last three months and discuss some possibilities of conflict and cooperation, particularly at the international level.

### MYANMAR: A TEST CASE FOR "MULTILATERAL" REGIME

The state of Myanmar is geographically situated in the Southeast Asia and has a total area of 677,000 square kilometres. It stretches 936 kilometres from the Eastern part to Western part and 2,051 kilometres from the Northern part to the Southern part. Myanmar is made up of over one hundred national races and consists of eight main groups, namely Kachin, Kayah, Kayin, Chin, Bamar, Mon, Rakhine and Shan. Myanmar has approximately 55 million of population. Total foreign

investment reached USD 6,06 billion at the end of March 2006.<sup>1</sup>

Soe Myint, one of the director generals with the country's energy planning institution gave some figures reflecting how the impoverished country has its crude oil reserves onshore and offshore of more than 508 million barrels and 100.8 million barrels respectively. The country has natural gas almost 15.85 trillion cubic feet of reserves offshore and more than 768 billion cubic feet onshore.<sup>2</sup>

For about 45 years, Myanmar has been ruled by the military junta. During this period of time, Myanmar gains its reputation internationally primarily because of the authoritarian regime and human rights abuses conducted by the ruling

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<sup>1</sup> "Country Profile – The Union of Myanmar: the Golden Land," *The Jakarta Post*, 4 January 2007.

<sup>2</sup> Bernice Han, "Myanmar to Satisfy Asian Oil and Gas Cravings," *The Jakarta Post*, 28 August 2007

junta.<sup>3</sup> In the period of August to November 2007, Myanmar sparks a storm of protests around the globe since the military junta of Myanmar conveys its disregards towards democracy and human rights which have been prevailing in this modern political era.

September 2007 is another milestone in Myanmar's struggle towards democracy. The initial process was provoked by the junta policy to double the price of oil for domestic consumption.<sup>4</sup> Consequently, the policy resulted in the decreased quality of life of the Burmese. Currently, approximately 90% of the Burmese total population lives below the poverty line.<sup>5</sup>

As the reaction against the increasing prices in Myanmar, the Burmese organized some peaceful rally across the country. On 28 August 2007, several groups of Buddhist monks decided to join the peaceful actions and protesting against the military junta.<sup>6</sup> Consequently, the junta responded violently with gunshots carried out by the troops aimed at the protesters including monks and international journalists because the junta felt threatened with stronger and unified protests. Military and Buddhist monks are the two strongest institutions in Myanmar. Military

and Buddhist monks are the only groups which can actually mobilize people massively. Both institutions have the most country wide networks and can be considered as the most disciplines institutions in Myanmar.<sup>7</sup> Hence, in the daily life of Myanmar and under the normal condition the monks gain respect from their counterpart's – the military.

As a result of the violent actions carried out by the military to maintain the public order in Myanmar, at least nine people were killed during the street protests, including one Japanese journalist, Kenji Nagai.<sup>8</sup> Furthermore, the junta did not only try to target people on the street during the protests but they were also sweeping monasteries to eliminate the monks who were heavily connected with the protesting actions. Thus, the military clearly did not show their respect to their counterpart, the Buddhist monks any longer.

These undemocratic actions have provoked reactions from international community, the European Union and the United States for instance, instantly impose sanctions on Myanmar. However, ASEAN as one of the most prominent multilateral organizations in the region failed to decide a single and formal resolution as a reaction against Myanmar violation of democracy and human rights simply because of the recognisance of

<sup>3</sup> Take as an example the repudiation of the election result which confirmed the NLD as the leading party and also the negligence of Aung San Suu Kyi's freedom.

<sup>4</sup> "Lonceng Peringatan Para Biksu," *Kompas*, 19 September 2007

<sup>5</sup> *Ibid.*

<sup>6</sup> "Myanmar: Lonceng Kematian dari Para Biksu," *Kompas*, 26 September 2007.

<sup>7</sup> "Senjakala Negeri Pagoda," *Kompas*, 1 October 2007.

<sup>8</sup> "Junta Intensifies Crackdown, Nine People Killed," *The Jakarta Post*, 28 September 2007.



non-interference and consensual based decision within the ASEAN framework.

Some ASEAN member countries preferred to make unilateral statement and leave the ASEAN framework behind. Singapore as the current chair of ASEAN through its Prime Minister, Lee Hsien Loong preferred to give political statement as a pressure for Myanmar—though Singapore's investment ranks as the highest in Myanmar, to move towards democracy and insist Myanmar to work in partnership with the UN envoy.<sup>9</sup> The Philippines on the other hand is announcing the possibility of not ratifying the newly signed ASEAN Charter if the Myanmar junta not releasing the democratic icon of Myanmar, Aung San Suu Kyi.<sup>10</sup>

The threats against democracy and human right are obviously significant in Myanmar. The junta clearly does not concern about the political, economic and security welfare of the Burmese. Stronger pressures from the international community were necessary. Thus, the idea of peaceful multilateralism has to prevail in order to ensure peace and stability throughout the globe. Currently, the idea of multilateralism has been opposed by either the idea of unilateralism, ferocious or even idyllic regional organisation. Myanmar is clearly a great challenge for multilateralism, democracy and human

rights and it is important for international community to formulate the best approach and resolution for the future of Myanmar and the rest of the world.

## INDONESIA-MALAYSIA: STIRRING UP THE HEAT ON SOUTHEAST ASIAN SECURITY

Indonesia and Malaysia just celebrated their 50<sup>th</sup> bilateral relations anniversary on August 2007. During this period of time, clearly Indonesia and Malaysia have been through its most difficult and jovial times.

Most of Indonesians are still recalling the memory of confrontation (*konfrontasi*) period under the Sukarno administration in 1960s.<sup>11</sup> After that challenging period, Indonesia and Malaysia relations under President Soeharto and Prime Minister Mahathir Mohammad were relatively more harmonious and stable. Both head of states were imposing the idea of "*serumpun*" (coming from the same ethnic roots) to the people of Indonesia and Malaysia.

The threat against the Indonesia-Malaysia harmony started again in the case of the islands of Sipadan and Ligitan. Both states agreed to submit the case to the International Court in Den Haag and as the result on September 2002 the islands officially belong to the Malaysian.<sup>12</sup> This result considerably hurt the feeling

<sup>9</sup> <http://www.Singapore-window.org/sw05/050330re.htm>

<sup>10</sup> "Burma Warned Over Asean Charter", accessed on <http://www.news.bbc.co.uk/2/hi/asia-pacific/7101239.stm>

<sup>11</sup> "Sederet Diplomasi Panas Itu ...," *Tempo*, 22-28 October 2007, 28-29.

<sup>12</sup> *Ibid.*



of Indonesians and increased the notion of *konfrontasi* and negative sentiment again within the Indonesian community.

Not long after the islands of Sipadan and Ligitan case, the relations between Indonesia and Malaysia again were shaken by the unilateral claim made by Malaysian government on the Ambalat oil and gas block.<sup>13</sup> This incident created a real tension which almost led to military deployment to settle the case.

During the period of August to November 2007, there are at least three major cases which are important on the development of Indonesia-Malaysia bilateral relations. The first case is the case of Indonesian karate referee, Donald Pieters Luther Kolopita. He was hit and physically abused by several Malaysian policemen when he was in Negeri Sembilan, Malaysia on an international karate event, 23 August 2007.<sup>14</sup> Afterwards, the officials from the Government of Indonesia and also the rest of the people were requesting a formal apology from Malaysia.

The second case is the detention of the Indonesian education and cultural attaché's wife, Mrs. Muslinah Nurdin. Mrs. Nurdin was caught by RELA (Malaysian informal police force) at Jami Mosque in Kuala Lumpur on 6 October 2007.<sup>15</sup> Though Mrs. Nurdin has shown her diplomatic card, RELA brought her

to a detention place. The RELA chief of command, Dato' Zaidon Bin H.J Asmuni explained that with 500 officer throughout Malaysia, RELA has a role to deal with illegal migrant workers (PATI) in Malaysian who are mostly Indonesian.<sup>16</sup> The abuse of power conducted by some Malaysian authorities clearly opens another wound in the bilateral relations between the two "*serumpun*" countries.

The third case is the case of contested cultural heritage between Indonesia and Malaysia. The Malaysia tourism board used a folksong of Molluca islands as a jingle in an electronic advertisement. The "Truly Asia" country claimed that the song is a song from the Malay Archipelago, and therefore it is legal for Malaysia to include it in their advertisement. This issue was further compounded when Malaysia claimed another Indonesian traditional dance to be its own. Traditional dance, which in Indonesia known as "*reog ponorogo*," is obviously also known as "*tarian barong*" in Malaysia.

The bilateral relations between Indonesia and Malaysia have continuously wavered between harmony and contention. On the one hand, Indonesia is still a bit sensitive to its younger brother's greater success. On the other hand, the younger brother is continuously trying to show its relative power to the big brother. However, Indonesia-Malaysia bilateral relations

<sup>13</sup> *Ibid.*

<sup>14</sup> Maruli Tobing, "Anatomi Hubungan Indonesia - Malaysia," *Kompas*, 10 September 2007.

<sup>15</sup> *Ibid.*, "Sederet Diplomasi Panas ...,"

<sup>16</sup> *Tempo*, "Ketua Pengarah Rela, Dato' Zaidon Bin H.J. Asmuni: Indonesia Tak Tahu Kuasa Kami," 22-28 October 2007, 36.



are important for both countries. It is obvious that the countries have many commonalities. Hence, it is important to make use of such similarities to build a stronger relationship between the two, rather than to fight to the detriment of both brothers.

## JAPAN: NEW FUTURE UNDER FUKUDA?

During the second phase of 2007, Japanese political condition has been on a swirl. Started with financial and corruption scandals carried out by the incumbent.<sup>17</sup> This case has caused the popularity of the incumbent Prime Minister Shinzo Abe to decrease significantly. Eventually, PM Abe resigned on 12 September 2007<sup>18</sup> with all of his administrative cabinet.

This sudden condition urged the Japanese ruling party Liberal Democratic Party (LDP) to choose their new leader and also new Prime Minister to be Abe's successor. At the lower house of Japanese parliament, Yasuo Fukuda, the 71 years old politician by far won the 338 votes. Fukuda then becomes the new Japanese Prime Minister and starts his new administration on 25 September 2007.

Fukuda inherit several problems from the previous administration and his responsibility has an additional feature of

recovering the image and gaining the public trust towards the LDP. Consequently, Fukuda has to make a significant reform on his new administration. However, Fukuda chose to stay inline with conventional approach. He put some senior politicians with more political experiences to help him in his new cabinet. Fukuda picked Masahiko Komura – ex Minister of Defence in Koizumi's administration, to be the new Japanese Foreign Affair minister and Shigeru Ishiba as the new Minister of Defence.<sup>19</sup> This decision is perceived as a signal that there will be least changes in the new Japanese administration under PM Fukuda. In terms of Japanese foreign policy for instance, Fukuda is not more nationalistic compared to Abe, hence, people will not see any significant changes in Article 9 and also the bilateral relations between Japan-The US nor the Sino-Japan bilateral relations. Japan will keep adopting "One China Policy" regarding the case of Taiwan but will remain intentionally keeping the stability of the region. In the case of North Korea, though Minister Ishiba previously proposed the idea of pre-emptive strike against North Korea, during this administration the policy will remain active in supporting multilateral approach under the framework of the Six-Party Talks.

On the other side, domestic problems are much more crucial for this new

<sup>17</sup> <http://www.isn.ethz.ch/news/sw/details.cfm?id=18265>

<sup>18</sup> <http://news.bbc.co.uk/2/hi/asia-pacific/7011598.stm>

<sup>19</sup> <http://www.isn.ethz.ch/news/sw/details.cfm?id=18265>

administration. Fukuda has to investigate and give the public a proper explanation for the missing of 50 million pension records under the Abe's administration. Additionally, Fukuda also has to deal with the urban-rural gap and the problems of economic stagnation in relations with Japanese economic competition with China and also other public policy such as health care and welfare.<sup>20</sup>

All of these factors above definitely add to the complexity of Japanese political condition. Some people also consider the new PM is a strong PM and will have a short tenure. However, Japan's political stability remains crucial for the stability of the region.

## KOREAN PENINSULA: MOVING TOWARDS A NEW ERA

The last quarter of 2007 indeed depicted a vibrant East Asian political and security interactions. The Korean Peninsula is definitely one of the most active and controversial issues in this part of the globe. Early October 2007, both Koreans—Republic of Korea (ROK) and Democratic People's Republic of Korea (DPRK)—decided to hold the second Korean head of state summit.

The second Korean summit was held in Pyongyang on 2 October 2007 as a follow up measure of the first summit also in Pyongyang between President Kim Dae-jung and President Kim Jong-il.

President of ROK, Roh Moo-hyun decided to visit President of DPRK, Kim Jong-il in an extreme way and took a walk across the border. The Korean summit was primarily organized as a reconciliation mechanism between the two Korean since they have no formal peace agreement after the Korean War in the 1950s since all they have to end the war is only arms control agreement.<sup>21</sup> Analysts predict that this summit would actually harm the image of President Roh especially for the next election on 19 December 2007.

The agenda for the second Korean Summit remained unclear until the final preparation period. Both governments stated that in general the summit will discuss about peace agreement between two Koreans and economic supports from the ROK as a bargaining value of the DPRK denuclearization.<sup>22</sup> Hence, it is clear that though the process of the Korean Summit would not contribute positively to the political career of President Roh but the Summit will support the process of reunification.

At its final stage, there are several important results of the summit. The first result is the formation of special economic zone in Haeju and the reinforcement of the ROK commitment for the development of Kaesong. In addition, the ROK and the

<sup>21</sup> "Harapan dari KTT Dua Korea," *Kompas*, 3 October 2007.

<sup>22</sup> Eric J. Ballbach, *Summit Spirit on the Korean Peninsula*, as accessed on 15 November 2007 at <http://www.nautilus.org/fora/security/07071Ballbach.html>

<sup>20</sup> *Ibid.*



DPRK decided to co-manage a special fishing territory on the Yellow Sea. It is clear that this summit primarily intends to reduce the economic gap between the ROK and DPRK which is crucial for the reunification process.<sup>23</sup>

Furthermore, the second summit also agreed on the process of drafting a peace agreement between the ROK and DPRK to formally put an end to the Korean War and moving towards reunification process. Additionally, the summit also discussed the process of denuclearization of the DPRK as a trade-off to the economic support programme offered by the ROK.<sup>24</sup>

Thus, it is clear that the Korean Peninsula is still one of the highlights of the East Asian Region in the 2007. Most of the time, the interactions in this region are primarily influenced by the external power. Furthermore, the second Korean Summit may only be a political manoeuvre carried out by both heads of states, President Roh and President Kim. However, it is obvious that the second Korean Summit would contribute positively to the North Korean denuclearization process which is supporting the Six-Party Talks Framework. Moreover, the Korean summit will enforce the commitment of both Korean to support peace and stability in the peninsula.

## PAKISTAN: WHEN THE GENERAL HAS TO CHOOSE

Pakistan is one of the most outstanding political dynamic in the South Asian Region, particularly during the third quarter of 2007. General Pervez Musharraf the incumbent President is trying to influence the parliament in the October 2007 election to support him running as the presidential candidate for the 2008 election. General Pervez Musharraf took over the President office on 1999 as the head of military coup d'état and since then he holds both status as the President of the country and also the Commander of the Pakistani Armed Forces.

Musharraf's intention to continue running the office with both positions got contested by most of Pakistani. There are at least two former Pakistani Prime Minister who actually opposed Musharraf's intention. The first one is ex-Prime Minister Benazir Bhutto who was in self-exile for almost more than 8 years living abroad.<sup>25</sup> Second, the ex-Prime Minister Nawaz Sharif is also opposing the idea of Musharraf being the President and the Armed Forces Commander at the same time and Sharif urges him to renounce one of the status. Sharif was the Prime Minister in the office while Musharraf executed the coup.

Currently, Pakistan's political atmosphere under President Musharraf has not been in a stable condition. There are some

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<sup>23</sup> Norimitsu Onishi, "Korean Summit Results Exceed Low Expectations," *The New York Times*, 5 Oktober 2007, diakses di <http://www.nytimes.com/2007/10/05/world/asia/05korea.html>

<sup>24</sup> *Ibid.*

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<sup>25</sup> Zeeshan Haider, "Musharraf Set to Quit Army," *The Jakarta Post*, 18 September 2007



crucial cases that have to be dealt with in Pakistan internal political dynamic. First of all, Pakistan has to cope with the threat of Islamic extremists who choose to use violence in order to gain their political aspirations.<sup>26</sup> Second, Pakistan has to deal with the United States and its allies' allegation that Pakistan is the safe haven for international terrorists such as Al-Qaeda and Taliban. Finally, Pakistan has to deal with fiascos in their Judiciary system after Musharraf officially discharged Iftikhar Muhammad Chaudhry as the chief of judges because of a corruption and abusive power allegation. Afterwards, Pakistan started to give some strong reactions against Musharraf's political actions.<sup>27</sup>

In addition to this action, Musharraf tried to change Pakistan election's law and rules by limiting the possibility of a person who has been in the office of Prime Minister for their second time. This action is intended to halt his political opponents to be a legitimate candidate for the next election. Eventually, these political manoeuvres impair Musharraf's image and provoke the protests on Rawalpindi and other city main street. Yet again Musharraf preferred to use military approaches in dealing with these political issues by sweeping and detaining political activists-whom he claimed as the perpetrator of the protests against his administration.<sup>28</sup>

On 3 November 2007, Musharraf announced Martial Law status for Pakistan and use the law during the wartime for guidance in the country.<sup>29</sup> Chaos, tensions and riots within Pakistan are inevitable. International community, particularly the United States and the United Kingdom, supported the idea to revoke the martial law status in Pakistan.

Hitherto, Pakistan is definitely still in an ongoing political process. After the Supreme Court finally accepted the possibility of Musharraf running for the 2008 election with several special requirements, Musharraf started to respond in rational actions. He indicates the possibility of revoking the martial law status and also promises to renounce his military status and become a full civilian President of Pakistan.<sup>30</sup> Pakistan's robust internal political problems would eventually influence the stability of the South Asian region, particularly will influence the policy towards international issues such as nuclear proliferations and also terrorism.

## AFRICA

### *Darfur: Longing for Global Action*

The conflict in Darfur, Sudan has been taking place since 2003. The government which is allegedly pro Arabs started to neglect the people of Darfur.<sup>31</sup> The govern-

<sup>26</sup> Rana Jawad, "Bhutto Says Time Running-out For Power Sharing Deal," *The Jakarta Post*, 9 August 2007.

<sup>27</sup> *Ibid.*

<sup>28</sup> Kamran Haider, "Musharraf Opponents Arrested in Pakistan," *The Jakarta Post*, 25 September 2007.

<sup>29</sup> "Pakistan Darurat, Musharraf Tangkapi Oposisi," *Republika*, 5 November 2007.

<sup>30</sup> "Musharraf Melenggang Bebas," *Kompas*, 23 November 2007.

<sup>31</sup> <http://news.bbc.co.uk/2/hi/africa/3496731.stm>



ment uses the argument of keeping Darfur from internal separatist group and other security threat for supporting the Janjaweed which are predominantly Arabs to operate in Darfur. Evidently, the Janjaweed uses Sudanese military equipment to carry out organised crimes such as abduction, villages attack, rape and other violent crimes against the people of Darfur.<sup>32</sup>

It is difficult to estimate the total number of victim. However, an independent survey on September 2006 mentioned that the number would exceed 200,000 people.<sup>33</sup> The number is exceptional and with the complex characteristic of conflicts in Africa, international engagement is definitely necessary.

Hitherto, the United Nations has not vigorously engaged with the conflict in Darfur. In 2005, the UN entrust the International Criminal Court (ICC) to deal with this particular issue<sup>34</sup> as a signal that this conflict is a matter of criminal actions instead of a security threat to the world. Currently, the most active multilateral organisation who is dealing with the Darfur conflict is the Africa Union. The AU has sent 7,000 troops to the conflict area as a peacekeeping force. On the fourth quarter 2007, the UN decided to reinforce the peacekeeping force in Darfur by sending 26,000 UN troops to prevent further conflict and also try to find a peaceful solution in Darfur.<sup>35</sup>

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<sup>32</sup> *Ibid.*

<sup>33</sup> *Ibid.*

<sup>34</sup> <http://hrw.org/english/docs/2007/09/25/africa16942.htm>

<sup>35</sup> <http://news.bbc.co.uk/2/hi/africa/3496731.stm>

Despite the fact that the conflict in Darfur needs an international urgent action, the UN seems to examine it as a non-priority case which needs to be engaged in. The primary reason would be the minimum interest of the UN Security Council Permanent member to deal with the conflict in Darfur. Hence, the Darfur conflict highlights the importance of multilateralism and the necessity to reform the implementation of multilateralism. Reform is essential to increase the response of international community in dealing with the case of tangible security threat and crimes against humanity like the case of Darfur.

## CONCLUDING NOTES

It is clear that the final quarter of 2007 illustrates a robust political dynamic particularly in Asia, Pacific and small part of Africa. There are at least several deductions which can be concluded out of those descriptions.

First, most of internal political instabilities would influence the country relations with its neighbouring countries. Hence, it is obvious that internal instabilities would accordingly harm the stability in the region and/or international stability. Maintaining the regional stability and overseeing the instability within a state to prevent any threat against regional stability are therefore becoming imperative.

Second, most of international issues in the final quarter 2007 describe significant challenges against the idea of multilateralism. Myanmar and Darfur can be a

perfect example on how multilateralism has to prove itself as an ideal system in international relations. Multilateralism will not only promote peace internationally, but also prolong the narrow individual state interest competition which definitely will hamper the process of maintaining peace and stability.

Third, a normative approach in the international relations is to seek for peace rather than conflict. However, most of the international cases which occurred in the past three months shed a very different picture. Realist scholars in international relations would perceive the condition as a quest for peace so one has to prepare for war/conflict (*si vis pacem para bellum*). Under the current international conditions, it is important to oversee the

future dynamics of international relations and ensure that peace still becomes the final goal. Thus, we are not moving towards preparing war to pursue war. Preferably, in order to seek peace, we have to prepare for peace.

As for Indonesia, it is clear that the most significant case is the bilateral relations with Malaysia and the case of Myanmar. As a member of ASEAN, Indonesia needs to contribute in ensuring Myanmar's movements towards democracy. Additionally, Indonesia needs to maintain the regional stability. After the completion of these two priorities, Indonesia will have more energy to fulfil the mandate of the Constitution where Indonesia has to promote peace throughout the globe, otherwise the mandate will be out of reach.



# Indonesian Foreign Policy in 2008 And Beyond

*Bantarto Bandoro*

**T**HE CURRENT government has been trying its utmost to improve the country's domestic situation and international image. Indonesia has continued to maintain the main tenets of our foreign policy, that is, an independent and active foreign policy. This is unlikely to change, despite a change in our strategic milieu. As foreign policy is indeed an instrument to promote and articulate our national interests abroad, our foreign policy in 2008 and beyond must be built upon pragmatic, realistic and rational thoughts. These should then be translated into a foreign policy agenda that is oriented toward overcoming our domestic problems as well strengthening our international position. What we need is stronger anchor upon which our international position and diplomacy should be built.

## The Branding of Foreign Policy

At a session of the Central National Commission on Sept. 2, 1948, Vice President Mohammad Hatta formulated

the principle of Indonesia's foreign policy; namely a free and active foreign policy, reflected in his metaphor "rowing between two reefs". This year marks the 60th anniversary of the implementation of this foreign policy.

In response to the continuing and rapid changes in our strategic environment, President Susilo Bambang Yudhoyono in 2007 introduced his own metaphor, "navigating a turbulent sea", to describe the challenges facing Indonesian foreign policy. Vice President Jusuf Kalla then joined the chorus of our foreign policy when, commenting on the current international position of Indonesia under the leadership of President Yudhoyono, he said that Indonesia could be a "mover and shaker" for regional security and world peace.

What does all this branding tell us about our foreign policy. Discussion on the country's foreign policy, particularly during the Yudhoyono government, seems to have been aimed, unintentionally of course, at telling the public here at last three things.

First, to let them know where Indonesia is in the context of the current state of international relations. When Yudhoyono said that the world we live in today is radically different than the one faced by our forefathers, he meant to indicate that the country is now in a particular era of history where foreign policy needs to be adjusted in a way that meets the expectations of the public. Our forefathers were not exposed to such things as globalization, interdependence and the cyberworld — all things which are part of the country's present-day world.

Second, to let the public know where Indonesia is in its foreign policy discourse. This used to indicate the standpoint of Indonesia when it faced antagonism between the opposing Eastern Communist and Western Capitalist blocks.

This actually refers to the message carried by Hatta's historic reference to "rowing between two reefs", as mentioned above, that Indonesia should avoid choosing sides between the two blocks. "Rowing" perhaps indicates a hard and difficult journey or path for the country. It may be telling us that Indonesia is choosing the hard path. Such a chosen path, however, was able to serve the country's national interests in the following decades.

Third, to let the public know where Indonesia is going in its foreign policy. Referring to Yudhoyono's "turbulent ocean", the public is told of the importance of activism in our foreign policy, meaning that such an "ocean"

must be seen as providing ample diplomatic opportunity for Indonesia rather than risk.

### Navigating A Turbulent Ocean

This metaphor by Yudhoyono seems to have been based on the assumption that if Indonesia is to make the right decisions, it must understand how things "work" in the "ocean" and how they interact. The major foreign policy decisions the country has taken so far, at the regional as well as global level, reflect the recognition of the role of the "ocean" in the country's life-support system and its value for the prosperity of the people.

Thus, "navigating a turbulent ocean" is assumed to refer to channeling our foreign policy to meet the country's long-term objectives. Navigating the ocean will also allow us to develop extensive and strategic international links that will hopefully secure our external resources for development, as well as for domestic stability.

Perhaps it is within this context that our foreign policy now carries with it a theme which was unthinkable before, namely strategic partnership. Strategic partnerships can be very significant in providing a combined effect to produce intended policy objectives.

So, as we have seen, on the bilateral level we have strategic partnerships with almost all major powers in the world. The seemingly stable and improved domestic conditions serve as a kind of modality for the Yudhoyono government to embark on



a new chapter in Indonesia's foreign relations. There is a process of institutional building in the country's foreign relations.

The branding of strategic partnership in our foreign relations has gained popularity — at least in the eyes of our foreign policymakers — at a time when the prospects for Indonesia to become, in the words of Jusuf Kalla, a "mover and shaker" for world peace is becoming more evident, as indicated by its membership on the United Nations Security Council, as well as its role in seeking peace in the Middle East and on the Korean Peninsula.

Given the many fresh foreign policy initiatives, it is no exaggeration to say that Indonesia has actually passed the two reefs. With its rather "new" outlook in foreign relations, Indonesia hopes to gain more strategic benefits by appearing to be different in its approach to salient foreign policy issues.

By navigating the turbulent ocean, Indonesia is attempting to connect itself with the wider world, which is crucial not only to enhance the performance of our independent and active foreign policy, but also to secure the achievements Indonesia has already gained.

One, however, should not ignore the asymmetrical relationship, if any, between Indonesia and its strategic partners, which in turn might effect the sustainability and effectiveness of these partnerships in the future. Indonesia's partnerships with the U.S., China and Japan seem unequal in terms of resources, skills, size, diplomatic leverage and so forth.

Thus, Yudhoyono's metaphor of "navigating a turbulent ocean" should not be interpreted as automatically directing the country's foreign policy to "safety". Being a smaller partner, Indonesia will likely face the problem of making its partnerships serve its interests without becoming simply a function of the interests of its partners.

This is to say that to sustain its full international engagement and obtain maximum diplomatic and strategic gains, Indonesia should be able to break through any "barricades" that might result from expansion of its international transactions. Indonesia's new activism in its foreign policy should be managed in such a way so that it will not hit all the reefs.

### **Long-lasting Foreign Relations are Imperative**

Indonesia burst forth as a strategic regional player more than 40 years ago when the region saw the establishment of ASEAN. Our influence touched almost every aspect of the region. Southeast Asia was and continued to be on the radar of the Indonesian foreign policy. ASEAN was seen as the main venue where Indonesia articulated its foreign policy interests. But our foreign policy should not be all about ASEAN, though every administration here seemed to believe strongly the association was the main pillar around which Indonesian foreign policy was built.

The financial crisis in the late 1990s sent Indonesia into a political, economic and social upheaval. The region then



wondered: would ASEAN be without a leader? The crisis affected, strategically and politically, every country's role and position in the region. And it affected the way other countries in the region perceived Indonesia. Then Indonesia seemed to become inactive toward its regional policy. The Indonesian government, however, felt it could not be like this forever and so tried its utmost to improve the country's domestic situation and international image.

Although our foreign policy agenda was not spelled out comprehensively in President Susilo Bambang Yudhoyono's inaugural address when he was sworn-in as the country's sixth president, he was committed to continue upholding the free and active principle of foreign policy. At the same time, Indonesia was determined to become a voice that promotes international peace and increases prosperity at home.

President Yudhoyono knew well that stable, extensive and long-lasting foreign relations were imperative if Indonesia was to maintain its essential structures — namely those interrelated patterns that constitute the basic political, economic and social life of a national society. He has been committed to Indonesia's international arena, after decades of downgrading our international role.

It is true the past three years saw tremendous and numerous foreign policy actions, on bilateral as well as multilateral levels. Perhaps in the eyes of those who think our foreign policy was meant only

to build an image, rather than to touch the real domestic concerns of the country, this was only the beginning of a very long process. And a long process not only toward a safe and peaceful as well as just and democratic Indonesia, but also toward a more prosperous country. Such an analysis implies Indonesia's foreign policy has yet to support the country's domestic needs.

There has been no doubt, however, the President has a full grasp of our international issues as well as a full and proper understanding of our foreign policy. As the country's chief diplomat, the way our President conducts Indonesia's foreign policy has so far seen the country become a potential mediator for crucial international security issues. His new metaphor "navigating a turbulent ocean" is used to describe the challenges faced by our foreign policy — but it has pushed Indonesia much deeper into the realm of rather competitive and strict regional and global politics.

### Domestic Power Politics

Many in the foreign policy community here also believe, given the country's seeming ability to adapt to the changed domestic and external environment that Indonesia, under president Susilo, had reached a point where the extent and depth of its international interest and involvement were not only increasing its international posture and improving its image — but also allowing it to explore ways to contribute more effectively to solving global problems.



Indonesia's diplomatic maneuvers on the international arena, particularly within a global forum, has pleased other members of the international community. Its membership in the UNSC has stirred a trend toward stronger multilateralism.

And now that Indonesia has embraced multilateralism within its region and more broadly in the world at large, and its foreign policy conduct is more in keeping with prevailing international norms, attention is focused on how far its emphasis on cooperation, collaboration and dialogue will adequately address the issue of securing the country's long-term national and international interests.

But this is not the case when one sees our foreign policy from a domestic lense. Certain foreign policy issues have dragged the government, the legislative, and certain parts of the society into opposing camps. The cases of the UNSC Iran resolution, the Defense Cooperation Agreement with Singapore, the issue of Myanmar, Indonesia-Malaysian relations and Indonesia's relations with Australia, to mention just a few, clearly reflect the extent to which foreign policy issues are subjected to "domestic power politics".

As Indonesia's relations with others become more inter-connected and complex in a more globalized world, and as its foreign policy needs to be continually adapted to a changing environment, Indonesia is finding it more difficult to separate the conduct of its domestic and external affairs. And the result is different domestic organizations affect the direction, if not the substance, of Indonesian foreign policy.

So, with all the results that Indonesia seemingly gained from its extensive international involvement, at least during the past three years, and the inevitability that foreign policy issues are subjected to domestic power politics, how should one then look into the country's foreign policy in 2008?

One thing is clear — the year 2008 will see a severe competition among political parties as they prepare for the 2009 general election. But the country's foreign policy is too important to be ignored, because it is part of the main stream of our national policy — the government will always have to organize Indonesia's external relations in such a way to support domestic prosperity and stability.

## Predictions

The following predictions about how Indonesian foreign policy should go in 2008 and beyond perhaps can help to paint a clearer picture.

First, as the world will become even more globalized and liberalized, our foreign policy should continuously carry the message that we are continuing to work hard. That we want to strike a balance between democracy, respect for human rights and security, and the nation's prosperity and stability.

Second, on a more regional level, because growth in the Asia Pacific in 2008, and perhaps beyond, is expected to build momentum via predicted strong growth in China and India, our foreign policy needs to be executed in such a way that



would support the strategic partnership Indonesia has with these two countries. Bilateralism will continue to mark Indonesia's foreign policy in 2008.

Third, if our foreign policy wants to be seen as useful, not only for the country's well being, but also constant in its adherence to multilateralism and in promoting the interests of other members of the international community, then a more proactive, focused and well thought-out foreign policy should be initiated, because there are still unsolved regional and global issues.

Fourth, 2008 could further consolidate the country's contribution to regional and global developments given the emergence of more acute regional and global issues.

Foreign policy decisions made in 2008 and combined with continued domestic stability will hopefully serve as an anchor for Indonesia's future regional and global role, as well as its regional stability and security.

### **Strengthening Foreign Policy**

An understanding of why Indonesia should build an anchor for its future global and regional role is necessary, but not sufficient if one wish to gain a much better and deeper perspective as to how the components of Indonesian's foreign policy should contribute to building much stronger anchor and help meet the country's enourmous challenges in 2008 and beyond.

As in the past, the government's foreign policy evaluation will be revealed

by the Department of Foreign Affairs. The evaluation will be reflected in the foreign minister year-end statement. But this will not restraint one from projecting what is required if our foreign policy is to better serve the country's image, well being and international position.

Our top foreign policy makers often said that the country's foreign policy has to be executed on the basis of and to achieve national interests. But as educated citizens, one need to ask what is in our national interest. One may also ask whose interest are being represented when national interest is given as a justification for particular decisions. Not everyone here will arrive at the same answer. This is indeed the basis for intelectual debate. Since the results of foreign policy decisions affect everyone of us, we all have a right to ask these questions.

President Yudhoyono asserted that Indonesian will continue to adhere to the free and active foreign policy principle, first coined by Mohammad Hatta during a session of Central National Commission in September 1948. Yudhoyono has however gone beyond the metaphor of Hatta's "rowing between two reef" by introducing his own, "navigating a turbulent sea" to describe the challenges-facing Indonesian foreign policy.

In his 2007 official speech, Presiden Yudhoyono stated that Indonesian foreign policy will be more flexible to current world politics. Such statement is assumed to have been based on the assessment that the changed strategic environment offers fresh opportunities as well as challenges to Indonesian foreign policy. No one here,



including foreign policy makers themselves, would want to see Indonesia fails in its foreign policy discourses. It is in this context that our foreign policy need to be strengthened. The question is how it can be strengthened?

Our foreign policy is certainly guided not by overarching adversary nor by the need to become regional hegemon, but by the need to project elements that would not only instrumental for the Indonesia's economic development, but also support its regional as well as global role and position. One must know that Indonesian foreign policy decisions will not be made in vacuum, but they will be the result of a number of factors, both domestic and international.

The writer would suggest that Indonesian's foreign policy in 2008 and beyond should aimed at achieving: **unity**, **harmony**, **security**, **leadership** and **prosperity**, as all of them are assumed to have been the core objectives of our foreign policy which cover both domestic and international sphere. Thus, the combined five key letters that extracted from each of this objectives – that is **TRUST** – form the basic long-term theme and goals of Indonesia's foreign policy, meaning that if our foreign policy is to be seen firm, effective and consistent but flexible and adaptive, then Indonesia really need the trust not only from the public here, but also from other members of international community.

### The Need for Stronger Anchor

Foreign policy that can build trust will lead to extensive partnership, and the

country's foreign policy decisions should be premised on its own priorities and the ways in which actors outside Indonesia's national border will help it achieve its goals. Here lies the importance of partnership.

Due to the challenges that the Indonesia might face in the future, its foreign policy should be framed in such a way that reflect the current as well as future needs of the country. Unity, harmony, security, leadership and prosperity are in a way part of our national interest which reflects domestic as well as international context.

Our foreign policy indeed belong not only to the Department of Foreign Affairs, but it also belongs to the Indonesian people as a whole, because (1) it carries the intention to contribute to the Indonesia's future — it is referred to as **unity**; (2) it demonstrates Indonesian desire to live in harmony with its neighbors – it is referred to as **harmony**; (3) it defends Indonesia, the Indonesian people and our interest at home and abroad, and secure Indonesia's access to external economic resources – it is referred to as **security**. Indonesia will pursue its foreign policy that it believes will increase its own security and diminish whatever threat it may face; (4) it beckons Indonesia to international service so that our country may fulfil the calling for responsible and important global and regional player — it is referred to as **leadership**; and (5) it provides the basic long term needs to the Indonesian people. Promoting the prosperity of Indonesia and of the global community is seen as an integral part of Indonesian's foreign policy – it is referred

to as **prosperity**. It is to say that our country's economic prosperity is tied to a world economy which will undergo greater growth and market integration.

Indonesia should enter 2008 with an even stronger anchor in its foreign policy. But the trust it has already gained, if any, from the public here and international community must be secured and perpetuated if Indonesia is to gain much more than what it has already got from its international diplomacy. Events in 2008 and beyond, domestic and external, will definitely shape the foreign policy choices of Indonesia.

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# The Chinese Indonesians' Role in Substantiating Sino-Indonesian Strategic Partnership

*Christine Susanna Tjhin*

## INTRODUCTION<sup>1</sup>

In late September 2007, during the 9<sup>th</sup> Joint Commission Meeting (JCM) between the Ministry of Trade (MOT) of the Republic of Indonesia (RI) and the Ministry of Commerce (MOFCOM) of the People's Republic of China (PRC) in Shanghai, Mari Pangestu, the Minister of Trade of the Republic of Indonesia announced that the target for 2008 bilateral trade volume has been surpassed this year and that both countries can remain optimistic for further development.

Along with the MOT delegation is a group of business community organized by the Indonesian Chamber of Commerce, China Committee (KIKT). The business group that comprised of mainly Chinese Indonesian business people attended a bu-

siness forum co-organized by MOFCOM and MOT with Indonesian Business Association in Shanghai (IBAS). The businessmen interacted rather eloquently with local Chinese counterparts, presenting each respective businesses, potentials and contacts.

These group of people, hailed by both ministries as amongst the backbones of the bilateral trade development, to a certain extent, represents a partial glimpse of the long-perceived notion of the global Chinese overseas network. Some believe the success of Chinese Indonesians, like most Chinese overseas, owes a lot to their historical backgrounds, primarily their social-cultural values, more specifically the Confucian values of diligence, order, filial piety and familial responsibility, which promoted prudent use of resources and capital accumulation. These social-cultural values influence their business conducts, which are based on work ethics and pragmatism.<sup>2</sup>

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<sup>1</sup> The original version of this paper was titled "Rethinking the Chinese Indonesians' Role in Substantiating Sino-Indonesian Strategic Partnership" and presented at the "Substantiating Sino-Indonesian Strategic Partnership" workshop, hosted by the Embassy of the Republic of Indonesia and the Chinese Academy of Social Science (CASS) in Beijing, China - 26 October 2007.

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<sup>2</sup> Redding, S.G., *The Spirit of Chinese Capitalism*, Berlin: Walter de Gruyter and Co., 1990.

Identification over familism and the so-called *guanxi*-network as two other critical characteristics of Chinese economic and socialcultural activities also heightened the sense of ethnic-based networking. According to this perception, the institutional network are so pervasive in Southeast and has formed 'network capitalism'.<sup>3</sup> During the economic rise of China, the contribution of the Chinese overseas re-amplified this diasporic network. This network, at times, could be overly mystified with bombastic terms, such as "Invisible Empire of the Overseas Chinese", "Dragon's Seed", "Chinese Global Tribe", etc.<sup>4</sup>

Such exaggerated narratives generally support the significance of the "ethnic" factor in pursuing economic engagements over rational choice factor. Cultural affinity in the form of shared working ethics, shared history, genealogical connections, etc, are amongst the variables mentioned to legitimize the existence of such virtual empire. These terms perpetuate the myth of a global ethnic Chinese community that is "loyal" to Mainland China.

Myth-making narratives as such undermines the heterogeneity of Chinese

overseas in different places and the complexity as well as diversity of local context, in which the Chinese overseas community interacts. Moreover, such narratives have often given rise to even more problematic ramifications when it became part of the main discourses that instigate collisions between the ethnic Chinese (Chinese identity) and locals (national/local/native identity), as ex-crutiatingly experienced by the Chinese Indonesians right on the eve of *Reformasi* period in May 1998.

This paper will focus on the Chinese Indonesian community as one of the many actors that can contribute constructively to the overall bilateral engagements, particularly in light of the signing of Strategic Partnership between RI and PRC by President Susilo Bambang Yudhoyono and President Hu Jintao in 2005. This paper briefly depicts some of Indonesia's contemporary political transitions that are inter-related with the Chinese Indonesians politics of identity. This paper will also highlight events that illuminate the heterogeneous nature of the Chinese Indonesian community through political participation within the country or in engaging bilateral relations with PRC.

### Motherland, Mainland and the History of chinese indonesian identity politics

Bilateral relations are inter-connected with the Chinese Indonesians politics of identity. By politics of identity, this paper refers to various efforts in defining the Self, the Collective and the Other(s), alone and/or with each other. Essentially,

<sup>3</sup> Hamilton, G., *Asian Business Networks*, New York: Praeger Publishers, 1996.

<sup>4</sup> Seagrave, Sterling, *Lord of the Rim: The Invisible Empire of the Overseas Chinese*, New York: Putnam's Sons, 1995; Elegant, Robert S., 'The Dragon's Seed: Peking and the Overseas Chinese', in *Political Science Quarterly*, Vol. 75, No. 4, 1960; Kotkin, Joel, *Tribes: How Race, Religion and Identity Determine Success in the New Global Economy*, New York: Random House, 1993; Chang, Maria Hsia, 'Greater China and the Chinese "Global Tribe"', in *Asian Survey*, vol. 35, issue 10, 1995.



identity is multifaceted (that a person or community bears more than one or two identities), and contextual (that expressions of identities are not boxed in a rigid time or geographical frame). Chinese Indonesians politics of identity have primarily been a misconception of the contest between national identity and ethnic identity as a zero sum game. The presence of Mainland China have made the identity politics problematic because it challenges the presence of Motherland Indonesia. Often times, their cultural affinity to China's culture has instigated accusations of being more loyal to China rather than Indonesia.

During the time when China's aggressive foreign policy in spreading communism had given additional tension to the Cold War arena, the most blatant manifestations of Chinese Indonesians' identity politics occurred in 1960s. The ideological conflicts within the Chinese Indonesian community between the pro-assimilation group and pro-integration group was made further complicated with the pro-Mainland vis-à-vis pro-Taiwan propaganda. The pro-assimilation group was championing total blending of Chinese culture into Indonesian culture, while the pro-integration group was for sustaining ethnic cultural identity. The latter often suffers accusations of disloyalty to the Motherland Indonesia. Baperki as the forefront of the pro-integration group suffered major crack down with the end of the Old Order Regime for being closely linked to the Indonesian Communist Party (*Partai Komunis Indonesia* or PKI).

The inception of the New Order Regime was followed by the freezing of diplomatic relations with China and rigid restrictions against anything related to Chinese materials or connections through assimilation policy that eventually accentuating stereotypes of the Chinese Indonesians. China, being engulf with domestic crisis herself, shut down relations with other countries. Later during 1980s, after political turmoil has calmed down, China re-framed their Chinese overseas policy. The new policy, instead of claiming all Chinese overseas as part of Mainland's policy, have emphasised that the overseas Chinese affairs are the affairs of respected countries.<sup>5</sup> This has helped to tone down, but not completely eradicated, suspicions in the respective countries, including Indonesia.

Though no longer appears in such a stark contrast such as the pro-assimilation and pro-integration blocks, uneasiness remains over the expression of Chinese Indonesian identity throughout the New Order regime and right after that.

## CHINESE INDONESIANS AND REFORM IN INDONESIA

The tragic events of May 1998 in Jakarta marked the turning point of Indonesian political transition, particularly for the Chinese Indonesians. The very regime that systematically severed the 'three pillars of Chinese identity'<sup>6</sup> – Chinese education

<sup>5</sup> Chang, C. Y., 'Overseas Chinese in China's Policy', in *the China Quarterly*, No. 82, 1980.

<sup>6</sup> Suryadinata, Leo, *Chinese and Nation-Building in Southeast Asia*, Singapore: Singapore Society of Asian Studies, 1997.



institutions, media and associations, have come to an abrupt end. Staggering evidences of physical and material abuses suffered by the Chinese Indonesians have left deep traumatic experiences and invoked stronger calls for fresh and more comprehensive acknowledgement as well as participation of the Chinese Indonesians in nation building.

From then onwards, political transitions, even though far from perfect, have generated more open atmosphere for participation, that encourage further democratization in the field of equal rights for citizens, institutions of representative and accountable government, and civil society. The reform process has opened greater space for the development of common citizenship, civil and political rights, conducts of free and fair elections with wider participation of political parties, greater civilian supremacy in the civil-military relations, enforcement of governmental transparency and accountability, rule of Law, and less centralistic regime. There has been greater chance for free and pluralistic media as well as civic associations, consultative processes and other forums necessary to ensure popular participation in the political process, and to encourage government responsiveness to public opinion and the more effective delivery of public services.<sup>7</sup>

Amongst the important events throughout reform period, learning from the

bloody identity-based conflicts in different parts of Indonesia (such as conflicts in Aceh, Papua, Sambas, Poso, etc), is the management of diversity in Indonesia. Politics of diversity has generally shifted from the rigid top-down state-imposed ideology of SARA (*Suku, Agama, Ras dan Antar Golongan* or Ethnicity, Religion, Race and Inter-Group) to a more bottom-up plural approach that allows greater expression of group identity. Under this more opened atmosphere, gradually, some of the past regulations that castrated expressions of Chinese Indonesian identity and inhibited Chinese Indonesians from greater participations have been scrapped.

Amongst the first are Presidential Instruction No. 26/1998 regarding the abolition of the term "*Pribumi*" (native) and "*Non-Pribumi*" (non-native or Chinese), Presidential Decree No. 4/1999 that lifted the ban on the use of Mandarin and urged the abolition of discriminative policies, Decision of Ministry of Finance No. 187/2000 that regulates that certain Chinese language printed matters can enter Indonesia, Presidential Declaration No. 4 and No. 6/2000 regarding the annulment of Presidential Instruction No. 14/1967 that banned all public practices related to Chinese religion, beliefs and traditional customs, Presidential Decision No.19/2002 that announce the promulgation of Chinese Spring Festival as national festival of Indonesia.

With the enactment of these regulations, the three pillars of Chinese identity have also been given another chance to regain their positions. This have been evident by the flourishing of Mandarin

<sup>7</sup> For further elaboration of these points, see Tjhin, Christine Susanna, Aries Arugay and Herman Kraft, 'Assessing Democratisation in Southeast Asia', *CSIS Working paper*, 2004.



language media (audio, video and printed media), of Chinese language schools, of Chinese Indonesian associations.

Greater acknowledgement of Chinese Indonesian political and social participation have manifested, as reflected on the events of 1999 Elections and Indonesia's first direct elections in 2004. There have been more Chinese Indonesians becoming active in politics, be that in national political parties and even in the much criticized Chinese Indonesian political parties (among others: *Partai Bhinneka Tunggal Ika*, *Partai Reformasi Tionghoa Indonesia*) or in civil society (monitoring and watchdog activities, human rights activities, etc).

Other events that reflect participation include the devastating tsunami in Aceh in 2004 and other humanitarian activities, etc. Chinese Indonesian associations (such as: *Perhimpunan INTI*, *Paguyuban Sosial Marga Tionghoa Indonesia*, *Yayasan Tzu Si*, etc) worked hand in hand with other local and/or religious associations in disaster relief, recovery and rehabilitation processes in Aceh.

Amongst the main bugbear is the problems surrounding the Certificate of Citizenship (SBKRI or *Surat Bukti Kewarganegaraan Republik Indonesia*), which is a legal paper required from the Chinese Indonesians to further proof their citizenship whenever they are required to meet administrative necessities. This is a remnants of political tensions between the two countries due to different adoption of principle of citizenship – RI with its *ius soli* (citizenship based on birthplace) and PRC with its *ius sanguinis* (based on

genealogy). As an attempt to resolve that, Dual Nationality Treaty was signed by Zhou Enlai and Soekarno during the Asia-Africa Conference in Bandung in 1955. The following regulations on citizenship years after have created further discriminative complications on the issues of citizenship and SBKRI that resulted in administrative abuses towards Chinese Indonesians. Even after a Presidential Instruction was release to abolish SBKRI in 1996 and even after the enactment of the new Citizenship Law in 2006, which technically provides legal assurance for their citizenships, various reports on further administrative abuses in different areas can still be found.

The improvement of political and social participation is a kind of balance to the existing stereotypes of being economic animal. History has shown that since colonial period, Chinese Indonesians have been conditioned to perform only in the business sector. By now, their economic dominance have often been blamed as detrimental to other communities' competitiveness in the economic fields. Greater participation of various groups of the Chinese Indonesian community naturally highlights the diversity of the Chinese Indonesians – evidences that they are not all rich and greedy conglomerates as stereotyped strongly during the late 1990s.

It is within this context that Chinese Indonesians have redefined their role together with other communities in the Indonesian nation with greater self confidence of belonging to Indonesia. Thus enabling them to proactive engage in Sino-Indonesian strategic partnership.



## DEVELOPMENTS IN BILATERAL RELATIONS

In the mean time, bilateral relations have improved positively. On the economic field, as the most robust engine of the bilateral relations, total export and import in 1990 were over US\$834 million and US\$650 million respectively. By 2006, they were over US\$8.3 billion and US\$6.6 billion respectively. Foreign Direct Investment (FDI) in 1992 was US\$41.5 million and by 2006, it was US\$126.9 million.<sup>8</sup> Amongst them would be energy, agricultural and financial sector.

Cooperation on the political and security sectors have also been noted, visits of parliament or party officials, purchases of arms and defense industry, military trainings, anti-money laundering cooperation, etc.

The most recent high level agreement is the signing of Indonesia China Strategic Partnership between President Yudhoyono and President Hu Jintao in 2005. The agreement includes economic cooperation, tsunami assistance projects, defense technology and education, etc. Four infrastructures projects and trade boost plan to US\$30 billion by 2010 (\$13 billion in 2004 and \$10.2 billion in 2003).

Even though improvements can be noted, bilateral relations, nevertheless, could have been more vigorous had it not been for the prevalent fear of "communism" amongst some politicians and

military figures. Even the discourse of "Yellow Threat from the North" is much less amplified, and in turn popular quote "Gain knowledge as far as to China" from Prophet Mohammad has re-emerged, there are still certain level of distrust shown towards PRC amongst the Indonesian some politicians, government, and military officials. It obvious that the Indonesian government is less enthusiastic in engaging China, compare to the other way around or compare to other countries in engaging China.

This trickles down to the way Chinese Indonesians are perceived, as their Chinese-ness have remained juxtaposed to their Indonesian identity. While doubts amongst the officials and insecurities in defining the socio-political positions of the Chinese Indonesians prevail, accusations of being disloyal to the Motherland Indonesia will also prevail.

## PEOPLE TO PEOPLE INTERACTIONS

*Guanxi* is often mention in defining social networking practices between Chinese overseas community. The practice of *guanxi* as an instrumental and expressive relational tool for social networking amongst society in PRC has been quite well-known.<sup>9</sup> However, in Indonesia, as part of the existing stereotypes, *guanxi* has been narrowly defined based on economic

<sup>8</sup> Data from the Ministry of Trade of the Republic of Indonesia.

<sup>9</sup> Yang, Mayfair Mei-hui, *Gifts Favors & Banquets: The Art of Social Relationships in China*, Ithaca: Cornell University Press, 1994; Yan, Yunxiang, *The Flow of Gifts: Reciprocity and Social Networks in a Chinese Village*, Stanford: Stanford University Press, 1996a.



or business activities. Worse, it has often been affiliated to practice of 'KKN' or Koneksi, Kolusi dan Nepotisme (or Connection, Collusion and Nepotism). *Guanxi*-based relation as social capital is often associated with gift giving, briberies and corruption. But in reality, this is the social capital that positions Chinese Indonesians in a crucial role in enaging the PRC. *Guanxi* embodies the socio-cultural conduct of social networking, in which the Chinese Indonesians at this point may have more leverage due to language capacity and cultural affinity.

Though the Chinese Indonesians play crucial roles in enriching bilateral relations, their roles will not be independent ones. They will be contingent to the ways in which other communities within the Indonesian society are encouraged to get involved. While economic engagements in Sino-Indonesian relations is still dominant, the Chinese Indonesians are prone to similar stereotypes if not creative in defining their role in the strategic partnership.

Participation in the economic field, similar to KIKT's, ranges from actual business engagements to facilitations for greater economic cooperations, such as business forum, trade exhibitions, etc. Some notable associations include: *Perhimpunan Pengusaha Indonesia Tionghoa* or PERPIT, *Lembaga Kerja Sama Ekonomi dan Sosial Budaya Cina-Indonesia*, World Eminence Business Association (WEBCA) in cooperation with *Perhimpunan Indonesia Tionghoa* (INTI), etc.

Aside to economic engagements, another important exchanges come from edu-

cation and cultural sector. Both bilateral governments and non-government sectors have pursued efforts to intensify academic exchanges involving students, teachers and scholars that are imperative for mutual transfers of knowledge, after nearly three decades of knowledge vacuum between the two countries. Interactions between different research institutes from both countries have shown some encouraging signs. Mandarin as part of curriculum can already be found in vast numbers of schools and universities in major cities in Indonesia.

Just recently, Beijing Hanban, an organization appointed by the Chinese government to establish Chinese language centers worldwide, sealed a cooperation with Bina Terampil Insan Persada (BTIP), a Jakarta-based Chinese language course to establish the Confucius Centre.

Sometimes cooperation are conducted through religious field. Earlier, an international interfaith dialogue was hosted by numerous religious representatives and utilized the iconic figure, Admiral Cheng He, an Islamic figure from ancient Chinese history, as an inspiration for greater bilateral cooperation.

Another important yet still underdeveloped sector is the tourism sector. Indonesia still lags behind from other Southeast Asian countries in benefitting from the growing number of Chinese tourists. In 2006, the number of Chinese tourists visiting Indonesia only reaches around 200,000, while Malaysia already hit 1 million tourist. This is indeed a shame, considering the vast scenic area and



diverse cultural presentation we have compare to Malaysia.

Thanks to the increased quantity and diversity of people-to-people exchanges, Chinese cultural tools and symbols have shifted from being measures of "dis/loyalty" of the Chinese Indonesians to measures of aesthetic and/or professional capacity and achievements.

## CONCLUSION

Even though economic relations have been the spine of the bilateral relations, the term "Strategic Partnership", in essence, entails not just economic engagements, but also politics, social and cultural. These sectors can no longer be treated separately and future action plans must be devised cross sectorally. The same principle must be applied in redefining the role of the Chinese Indonesians.

In order to incorporate the Chinese Indonesian community constructively into the framework of Sino-Indonesian Strategic Partnership, both respective governments must free themselves from prevalent stereotypes of the ethnic Chinese being the "economic animal", "disloyal", etc. If not, the government would again conditioned the Chinese Indonesians to the ATM or cash-cow role therefore undermining actual potentials of this community and fueling potential conflicts domestically.

The government of Indonesia must continue its commitment to realize comprehensive reform. Domestic politics define the way in which foreign policy is conducted and often time stability is hailed as a prerequisite of constructive

bilateral relations. Yet, we must not forget that the façade of "stability" during the New Order regime occurred at the expense of, among others, the Chinese Indonesians identity and security, and the ramifications of the New Order regime can still be felt even until now, disabling more vigorous bilateral relations. Managing diversity in Indonesia cannot be exclusive from the Chinese Indonesian politics of identity.

May 1998 violence is an important lesson for all parties involved. Up until now, not only that the Chinese Indonesians still feel insecure due to trauma, Indonesia is still remembered by the Chinese Mainland people vaguely as the dangerous place where they slaughtered the ethnic Chinese. Though many have argued to and against the existence of anti-Chinese nuance surrounding May 1998 violence, this paper shares the sentiments raised in Jemma Purdey's recent publication, *Anti-Chinese Violence in Indonesia, 1996-1999*, that the ethnic factor is central in understanding May 1998 violence. Nonetheless, it is not only about the ethnic Chinese, as other communities also suffered. Acknowledging and understanding the other political, economic, and religious factors affecting the outbreak will encourage observers and policy makers alike to not repeat the mistakes of earlier regimes and formulate better policies that are free from prejudices and also all encompassing different identities that exist in plural Indonesia.<sup>10</sup>

<sup>10</sup> Purdey, Jemma, *Anti-Chinese Violence in Indonesia, 1996-1999*, Singapore: Singapore University Press, 2006.



The PRC government have to be sensitive with its counterpart's national context in dealing with the related overseas chinese community. Fear over PRC's communist ideology is still prevalent that it continues to hamper vigorous bilateral relations. It is encouraging to see that the PRC remains committed to sustain peaceful and friendly cooperation, not just with Indonesia, but in the East Asian region.

Both government must be more proactive in facilitating people-to-people exchanges in all sector. Infrastructures, such as more consulate generals in major cities in China, flights schedules between two countries, must be strengthen. Joint academic and research initiatives must be further encouraged to increase greater understanding between both countries.

# Civil Society and Security Sector Reform (SSR) in the Philippines\*

*Aries A. Arugay*

## Introduction

SECURITY Sector Reform (SSR) is one of the most novel concepts to be included in the existing discourses on democracy, security, peace, and development. The attention given to the security sector is mainly due to the vital role it plays in the provision of the security of the state and its people. Moreover, in countries of the developing world, the security sector has also seen to be an important actor for its capacity to support or undermine democratization processes, promote or undermine good governance and contribute to the pursuit of sustainable peace. Scholars, policy-makers, multilateral organizations and the donor community have all agreed that in order to have sustainable development, it is imperative that the security sector is governed in accordance with democratic

principles while ensuring that they perform their mandated functions in an efficient and effective manner. Those working in the pursuit of human security, democratic consolidation, good governance, human development, and post-conflict peacebuilding all underscore the idea that SSR is a project that must be pursued with firm resolve and commitment among all its stakeholders.

Just like the rest of the developing world, the Philippines takes no exception as a country in need of SSR. This is mainly justified on three grounds. First, SSR is pivotal for a country attempting to improve the quality of its democratic regime. As the security sector also comprises the institutions tasked to oversee and manage security forces such as the executive bureaucracy, legislatures, and courts, the pursuit of SSR is also in conjunction with much of the task of institution-building necessary for democratic consolidation. Second, there is an understanding on the importance of the security sector in conflict prevention and peace-building (HDN 2005). Being in the

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forefront of lingering internal conflicts in the Philippines, a democratically managed and professional security sector is an indispensable component of any peace program. Lastly, the security sector occupies a substantial portion of the Philippine government. If successfully carried out, SSR will hugely contribute to good governance of a country that has often been perceived as one of the most corrupt countries in the world (Transparency International 2004).

While the government, the donor community, and multilateral organizations are already on board in helping realize SSR in the developing world, it could be observed that not much parallel effort is coming from civil society in the Philippines. Relative to other issues pursued by nongovernmental associations such as social development, peace, human rights, and democracy, little attention has been paid on how SSR could help realize this "basket of advocacies". This article seeks to explain the significance of SSR in helping civil society's work for development, democracy, and peace in the Philippines. It will also discuss the challenges and obstacles faced in advocating SSR from the perspective of civil society. By way of conclusion, this paper enumerates the ways in which civil society can further contribute to SSR in the Philippines.

### Linking Security, Democracy, and Development

Used to only be comprised of the armed forces, the security sector has

expanded to include all those (whether statutory or not) that have an impact in the provision of (in) security in a given country (Hänggi 2003; 2004). It departs from the traditional preoccupation of defending the state, as the new focus of security is now every human being in society.<sup>1</sup> In addition, the increasing acceptance of the global norm of democratic civilian control (Diamond and Plattner 1996; Alagappa 2001) has enlarged the security sector to include the police, the intelligence services, paramilitary organizations, militias, private armed groups as well as civilian oversight institutions, judicial and penal agencies and even civil society organizations. SSR seeks a comprehensive and simultaneous transformation of institutions and groups in order for them to guarantee the physical security of the people but in doing so also respect democratic principles and human rights.<sup>2</sup>

<sup>1</sup> Scholars have also observed that with the traditional understanding of security, it is often the state whose "dysfunctionality" or overt persecution of its own citizens that is the cause of insecurity and violence (Ball and Brzoska 2002).

<sup>2</sup> As a concept, SSR has been barely fifteen years old. It first received attention in a speech of Clare Short, the United Kingdom (UK) Minister for International Development in 1998 (Wulf 2004).<sup>2</sup> The UK's Department for International Development (DFID) defined SSR as: the "transformation of the security system which includes all the actors, their roles, responsibilities and actions, so that it is managed and operated in a manner consistent with democratic norms and sound principles of good governance, and thus contributes to a well-functioning security framework" (2003: 30).



### What composes the Security Sector?

There is no consensual idea of what comprises the security sector. The traditional or minimalist notion only involves core security forces such as the military, police, and paramilitary forces. On the other hand a maximalist notion includes almost every institution and group in the government and civil society. Perhaps, it is best to adopt a middle range view which is composed of the following:

- *Core security forces* (armed forces, paramilitary forces, intelligence services, police, border and customs officials)
- *Security management and oversight bodies* (executive departments, congressional committees, human rights institutions)
- *Justice and law enforcement institutions* (ombudsman, courts)
- *Societal groups* (academe, policy think-tanks, peace and human rights movements, investigative media)

What makes SSR a novel concept is its holistic character. It departs from the orthodox distinctions made between security, democracy, and development by integrating defense reform, police reform, intelligence reform, justice reform, legislative reform, etc. Seen as separate efforts in the past, SSR is the framework that could coordinate all these initiatives and programs into a cohesive whole. Its integrative approach and ability to group all of these tasks under one roof is the source of its appeal (Wulf 2003; Forman 2006). Thus, it is a process that requires a "whole-of-government" approach to be implemented by a multitude of institutions within the state and supported by

civil society through a series of coordinated actions and programs.

Some view that these problems could be addressed through a two-step process, differentiating between first generation SSR from second generation SSR. The former originated from the insights of the literature on civil-military relations as it concerns the establishment of new constitutional and legal frameworks, institutions, structures, clear lines of responsibility and accountability for the security sector (Fitz-Gerald 2003). The more challenging and difficult part are the reforms associated with the second generation. This encompasses the consolidation of the first generation reforms as well as ensuring the effective operation of institutions, development of expertise and knowledge, the diffusion of reform commitments from lower-level officials and other actors, and the engagement with nonstate actors on SSR issues such as civil society (Edmunds 2004: 50-53; Yusufi 2003: 5-6).

This inevitable makes SSR a political project that must be treated with sensitivity (Wulf 2004: 20). As such, understanding the political dynamics and relations among different political actors is important to starting the SSR process. A reformist leader or coalition with a resolve on making the security sector subject to democratic principles may need to perform a dangerous balancing act – appeasing those who want a reduction in the political powers of the security sector and those who want to maintain the status quo (Tanner 2000). Thus, it is highly probable that SSR could be held hostage



by partisan politics, accommodation, or worse aborted by the armed forces that pose a threat to democracy.

Because of its highly political nature, improving security sector governance cannot be addressed by purely technical measures. It is necessary to understand critical political relationships among key actors, how and why decisions are made, and the incentives and disincentives for change. Strategies are needed to be developed for supporting reforms and minimizing the impact of "spoilers" (Ball 2004: 48). Just like any type of democratic reform, there is no linear progress as regards SSR. There will always be the possibility of backsliding, as previous gains and achievements could be lost due to lack of sustainability and due diligence to remain on the path of reform.

It cannot be doubted that SSR would not be a genuine, meaningful, and transformative process if there is participation from civil society. Basically, this is justified on three grounds. First, the emergence of governance discourse and the paradigm of participatory governance give civil society an important role in the reform of the security sector. Second, as the ultimate referent of security has shifted from the state to the individual, it is necessary for civil society as the intermediary actor, to involve on behalf of and represent the interests of the individual or the community. Finally, as security is a public good, there is an important contribution that civil society could give in ensuring that its provision will not jeopardize existing rights and freedoms of individuals and groups.

Caparini and Fluri (2006) stated that civil society could play three important roles: (1) as an informal form of civilian oversight by exacting democratic control and accountability (2) as organizations that can raise public awareness, articulate needs and interests of individuals and groups, and inform the state of the security needs and threats of the people; and (3) as sources of inputs and knowledge that can feed into security policy-making.

### **Civil Society and SSR in the Philippines: Strange Bedfellows?**

The Philippines has often considered as possessing one of the most vibrant,

#### **Philippine Civil Society**

Likewise, there is no agreement on the exact parameters of civil society in the Philippines. To some, they merely composed the hundreds of thousands of nongovernmental organizations and peoples' organizations (Ferrer 1997). For analytical purposes, civil society in the Philippines could be subdivided into three main groups: (1) church or religious organizations; (2) progressive and leftist movements; and (3) business oriented groups.

Current thinking has not probed into the contribution of the entire spectrum of civil society in SSR. To some extent, the nascent literature has linked the positive role of academic organizations, think-tanks, policy institutes in providing inputs to security policy and reform programs. Moreover, there are current attempts to study the role of civil society in mobilizing to represent the voices of the poor and marginalized sectors of society in security discourses.



robust, dynamic, and participatory civil societies in the world (Clarke 2000, Cariño 2002). Several cases has proven its efficacy in providing policy inputs (Magadia 2003), delivering social services, pursuing socioeconomic development, and generating accountability. This becomes increasingly significant if one analyzes the Philippines as a country that possesses a "weak state" (Hutchcroft 1991) that could be overwhelmed by the intensity of demands from civil society. But the more apparent reason for an active civil society is its contemporary origins that could be traced in its pivotal role in the anti-dictatorship campaign during the martial law era. Given this, it was palpable that it would participate in shaping much of the "restored democracy" after 1986 (Racelis 2000). It could be said that civil society have more than adequately contributed its share in advocating for democratic reforms in governance (Wui and Lopez 1998) whether successful or otherwise.

Civil society in the country has been formed in the mold of contentious politics and public *protest*. The tactics of "expose and oppose" were exemplified in the so-called "parliament of the streets" during the authoritarian period. This comprises activities such as coalition-building, collective mobilization, mass actions, media campaigns, and community organizing, among others. As a mode of (dis)engagement, this is often a weapon of last resort, particularly if normal or available venues have been exhausted or confidence and political trust in the government has evaporated. Moreover, this contentious

approach is often utilized when civil society perceives that the democratic gains that it vehemently fought for are being jeopardized by state actors.

On the other hand, there is the *participation* mode, a relatively more novel component in civil society's repertoire of engagement with the state. The direct involvement in policy processes has been enshrined in the constitution and other legislation, thereby institutionalize their access to power and democratic space in the country's political arena. This mode enables them to forge strategic partnerships to "collaborate and co-operate" with the state as well as other sectors in society in the creation of new structures, mechanisms, institutions, and policies that could improve the quality of democratic governance, among others. This requires civil society actors to devote their technical competence, experiences, insights, and skills in order to come up with viable alternatives and lasting solutions to lingering problems of the country. This mode may involve policy advocacy campaigns, the establishment of state-civil society partnerships, and direct consultations with political institutions.

However, Philippine civil society has not engaged the state as regards SSR. Much of this has something to do with the country's experience of martial law. The country's security sector became Marcos' partner in the implementation of authoritarian rule. For most of the Filipinos, the military and the government are one and the same. The security sector served as the arm of coercion, violence,



and force against dissidents or enemies of the Marcos administration. This resulted to rampant violations of human rights from activists and members of civil society. This harrowing experience definitely had an imprint on the relations between the security sector and civil society. For example, tensions were severe between the two groups in the Aquino transition government as well as other post-Marcos administrations (Hernandez 1979; 1997).

On the other hand, the security sector has been suspicious over the motives and actions of civil society. This is due to the fact its major segment with respect to membership and resonance would be composed of the progressive movements or the Philippine Left. The AFP would often scorn at civil society organizations because of their socialist tendencies and strategies of contentious politics, often construed as sources of security threats.<sup>3</sup> Just recently, the AFP released a document classifying several prominent civil society organizations as “enemies of the state”.

Such distrust and to some extent, scorn for each other definitely has implications on whether genuine and transformative SSR could be implemented in the Philippines. More often than not, the lack of confidence between the security sector and civil society has resulted to the absence of engagement and meaningful dialogue. This is significant for the for-

mulation of a comprehensive SSR agenda that emphasizes the operational effectiveness of the security sector in the performance of its mandated functions. But more significantly, any SSR program must incorporate the principles of democratic accountability, respect for human rights, and adherence to the rule of law.

### Civil Society as the Missing Link

The study and analysis of the Philippine security sector has received significant attention from both academic and policymaking circles. However, a few preliminary observations could be made. First, the bulk of the literature is biased towards a minimalist conception of what constituted the security sector in the country, partly due to the dominance of the traditional (military) security paradigm. Second, the concept of SSR is very novel in the Philippines. From a survey of the existing scholarship, the nearest approximation to it would be the study of civil-military relations. Lastly, with notable exceptions, most studies on the Philippine security sector have no linked it with broader themes such as democratization, the ongoing peace process in the country and conflict resolution, and good governance.<sup>4</sup>

In the Philippines, there is increasing recognition on the viability of SSR as an appropriate framework to address issues

<sup>3</sup> Scholars trace this perception to the “anti-communist” orientation of the AFP, a post-colonial legacy of the United States (Hedman 2001).

<sup>4</sup> An example of these would be Hernandez (1997; 2004; 2007).



such as the state of unpeace, insecurity, and poverty. Perhaps the most recent expression of the significance of the adoption of an SSR agenda 2005 *Philippine Human Development Report*. It categorically established the fact that the persistence of armed conflict has a profound impact in human security. This, in turn, has implications in the overall low human development of the country. While the report concurred with the idea that poverty per se may not full explain the resort to violence, it argues that poor conditions in the country are often the result of deprivation, injustice, and the lack of opportunities. This sense of discontent and desperation pushes affected groups to resort to violent means to effect a change in the status quo. It cannot be denied that armed conflict in the Philippines is a costly state of affairs – affecting lives, property, cultural identity, social cohesion, and human dignity. This is notwithstanding its spillover effects, whether economic (foregone investment and lost output), political (loss of political stability and legitimacy of the government) or social (prevalence of prejudice, socio-cultural tension, and crime) (HDN 2005).

However, this recognition is apparently not shared by present reform programs as well as recently adopted security policies. This could be attributed to two related factors. The first is the absence of SSR as the guiding framework in these programs and policies. At best, they reflect only one aspect of reform – increasing operational effectiveness and efficiency. The second is the absence of inputs from

the country's civil society in these programs and policies. Unlike in other countries such as South Africa (Williams 2005), civil society has not played a prominent role in the crafting of security policy and reform programs.

- *Philippine Defense Reform Program (PDRP)*

The PDRP is a product of a systematic and meticulous assessment of the country's defense and military establishment. As the general framework for guiding the reform and improvement measures in the Armed Forces of the Philippines (AFP), it aims to implement a "transformation" process to "re-engineer" systems and "re-tool" personnel.<sup>5</sup> Composed of ten (10) key areas of improvement, the PDRP focuses entirely on capability building of the military institution to be able to perform what it conceives as its roles in the provision of defense and security. In particular, it attempts to improve defense planning systems, operational and training capacity, logistics provision, staff development, personnel management, financial controls, and strategic communications.

By focusing on defense, the PDRP has not sufficiently covered the entire scope of SSR. While it may be unfair to force the Philippine military and defense establishment to incorporate principles SSR, it has lost a critical opportunity to truly adapt to the new security environ-

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<sup>5</sup> This assessment has been assisted by the government of the United States through the Joint Defense Assessment (JDA).



ment and realities at the domestic and international frontier. Defense is still construed in the traditional sense, with a heavily statist and military tone. Its ultimate objective is to improve the operational effectiveness and to a lesser extent, the efficiency in the provision of security. It remains to be seen whether the PDRP could still be incorporated to a more comprehensive and SSR program in the future. However, what is problematic is the fact that the government and military seems view the present version of the PDRP as the totality of military reform in the country. For PDRP has not sufficiently addressed significant SSR issues such as weak and ineffective civilian oversight agencies, undemocratic and limited participation in security policymaking, and the implications of the war on terror and the counterinsurgency campaign.

As the PDRP was crafted solely by a bilateral exercise between the Philippines and the US, the views and inputs from other relevant stakeholders have been marginalized. This has been illustrative of the state of security policymaking in the country. The security sector remains deaf to the opinions of civil society, regardless if they are informed by existing realities on the ground, as they are merely "civilians." This assertion is often ascribed to the tremendous autonomy the security sector enjoys in the area of defense and security policy. However, academics, think-tanks, and policy institutes were also not consulted on the PDRP. This is despite their possession of knowledge and expertise in defense and security affairs.

### • *Human Security Act of 2007*

It was not a surprise that the government was able to pass an anti-terrorism law. As early as 2003, the Macapagal-Arroyo administration has promised to enact legislation that will help curb terrorism. What became a surprise is how Republic Act No. 9372 signed on 6 March 2007 was able to be named as the "Human Security Act of 2007". By being an "An Act to Secure the State and Protect our People from Terrorism", this law provides not only the weapons for the government in general and the security forces in particular in order to sanction acts of terrorism, it also allows the possible suppression of previously respect rights and intrusion into the lives and activities of the Filipino people.

With the exception of its title, this statute has never again used or mention the term "human security". Furthermore, it also conspicuously did not provide a definition of security. However, it is noteworthy that it stated some principles that are connected to the human security framework. For example, it recognizes that the terrorism "requires a comprehensive approach... including conflict management and post-conflict peace-building." This even includes improving "state capacity and promoting equitable economic development." Finally, the ant-terrorism law also categorically stated that it shall not "prejudice respect for human rights."<sup>6</sup>

For civil society advocates and academics, the title of the law is not just a

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<sup>6</sup> Republic Act No. 9372, "Human Security Act of 2007", Section 2.



misnomer but also casts the concept of human security in a negative light. It is very evident that the incorporation of human security in a law that significantly arms the state to combat terrorism has negative implications on the attempt to mainstream this concept. In the end, it also has repercussions on security sector governance in the Philippines.

The law did not elaborate on how the government can address the root causes of terrorism and conflict in the country. This could have been the most significant contribution of this legislation to mainstreaming human security in the Philippines. What the law was very clear is the substantial role given to the security sector in implementing the law and curbing terrorism. While it explicitly stated that it is the police that would be the main implementing institution, this is irreconcilable to existing realities in the Philippines. Internal security remains to be the purview of the military with the police often playing a secondary or supporting role as it continues to suffer from institutional and resource deficiencies. Among others, this could be seen in the involvement of both the agencies within the AFP and the Department of National Defense (DND) in the Anti-Terrorism Council, the primary body created by the law to implement anti-terrorism policy.

Analysts are also bothered on the power given to the government, particularly the executive branch, in labeling possible organizations as terrorist or conspiring with terrorists (Hilbay 2007). Such "labeling" is dangerous on two

fronts. On the one hand, the current administration (and probably future ones) can use this to stifle dissent, suppress political opponents, or intimidate legitimate organizations. On the other hand, this power to label will open the gate to violation or disrespect for certain rights. The institutional challenges and problems currently faced by the Philippine National Police (PNP) bolsters this argument. One could also imagine that the military would definitely implement the law in areas where the police does not even fully control the peace and order situation such as areas controlled by communist insurgents and Muslim separatist movements in Mindanao.

Finally, while the law provides for a grievance mechanism and an oversight body in the implementation of the law, it is observed that there is a noteworthy absence of civil society participation or involvement. These functions are totally given to government institutions such as the Ombudsman and Congress. Given the similar institutional challenges, deficits, and transparency gaps of these oversight institutions over the security forces, one can question their ability to perform effective and strict oversight. The law could have been more inclusive by creating a grievance board, oversight agency, and an evaluation or review mechanism that has a broader composition that includes civil society, media, and the academe.<sup>7</sup>

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<sup>7</sup> The formal non-inclusion of civil society, media, and academe does not construe that they are inhibited from exercising social accountability and informal oversight.



- *The National Internal Security Plan (NISP) and Counterinsurgency Program*

The NISP is conceived as the government's ultimate strategy to defeat insurgency and armed challenges to the Philippine state. It is composed of four main components: (1) political, legal, and diplomatic; (2) socioeconomic/psychological; (3) information; and (4) peace and order/security.<sup>8</sup> Adopted in 2001, this plan seeks the cooperation and allows the coordination of agencies and institutions within the executive branch, both uniformed and civilian. As having a comprehensive and holistic perspective, it seeks to address security threats through the promotion of good governance, alleviation of poverty, peace advocacy, and combat operations. This is based on the realization that insurgency as a source of insecurity and under- or uneven development in the country necessitates a multi-dimensional approach.

Guided by the NISP, the military launched a five-year counterinsurgency program involving both the military and civilian agencies of the government in 2002. Called *Bantay Laya*, this Internal Security Operation plan is based on the National Internal Security Plan (NISP)

formulated by the DND as well as the National Military Strategy developed and adopted by the AFP. *Bantay Laya's* strategic goal "is to decisively defeat the insurgents' armed groups in order to obtain and maintain peace for national development". It applies to the CPP-NPA, the ASG, and the Southern Philippine Separatist Groups (SPSGs referring to the MNLF, the Misuari Breakaway Group or MBG, and the MILF). This goal reflects the victory and institutional positions rolled into one, with the logic that victory is necessary for national development to take place (Hernandez 2005: 15).

According to Hernandez (2005), this approach in implementing ISOs was initiated in 2002 under the name *Bantay Laya* [Freedom Watch]. What are noteworthy about this new approach are: (1) its "strategy of holistic approach" seeking the full cooperation of local government units, civil society, and ordinary citizens while keeping in mind the government's six paths to peace; (2) its emphasis on innovative plans and programs to eradicate the so-called roots of insurgency such as poverty alleviation to be implemented through collaborative efforts among different government agencies; (3) its priority on the role of information in promoting peace and public confidence in government through interpersonal and "face to face" approaches particularly in countering insurgent propaganda; (4) its attention to conflict resolution and maintenance of peace and order by mobilizing the police and local government.

The NISP is a document that was not subject to extensive consultation from all

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<sup>8</sup> Just recently, Secretary Norberto Gonzales, the National Security Adviser (NSA), presented a revised NISP that includes the legal or judicial component. This will allow the government to use all legal means to bring insurgents within the fold of the law. The passage of the Human Security Act of 2007 is a vital weapon to implement this component.



security stakeholders. Added to this "democratic deficit", there is even a difficulty in being able to secure a copy of the said plan. While the security sector often invokes the NISP as the guiding framework in addressing the security issues of the country, discussions are often clouded with secrecy and ambiguity. If indeed the NISP is an equivalent of a "defense white paper" or similar security documents and framework, it does not conform to a document of which most SSR programs were guided, for example in South Africa, Sierra Leone, and Indonesia.

To a certain extent, *Bantay Laya* is an internal security operation campaign that acknowledges the complex nature of insecurity in the country, particularly in areas where there is armed conflict. It actively solicits the help of other government institutions and even other members of the security sector. Tangentially, it pursues some components of program that promote good security sector governance. However, the proof of the pudding is in the eating. When the AFP or other members of core security forces assume responsibilities that are mandated to be performed by civilian institutions – executive agencies and local governments – this becomes dangerous to SSR. By taking up these functions, the security sector veers away from its supposed role and may undermine its professionalism and role. For example, this campaign allows the military to carry out developmental functions and take on non-combat roles which are supposed to be the job of the civilian government. Moreover, this campaign also gives the military a free hand in organizing cooperatives – a major

source of nontraditional revenue that makes it an economic actor. The experience of countries like Thailand and Indonesia has underscored the hazards of a military with vested economic interests.

### Challenges for Civil Society and Prospects for SSR Advocacy in the Philippines

Given the issues raised in the previous section, the challenges of SSR in the Philippines are daunting, complicated, and difficult. This part of the paper attempts to examine some of these challenges for civil society and how overcoming them could help facilitate the implementation of SSR in the country.

Experts on SSR argue that a transformation of the security sector will entail changes in the means and ends of security in a country. New or reformed institutions of security are concerned not only with the security of the state but of every individual in society, particularly those usually that fall victims to insecurity, conflict, and violence (Narayan, et al. 2000). Policies not only bring about better security but are formulated in a participatory, consultative, and even deliberative manner. The provision of efficient and effective security while an end-in-itself must contribute to people-centered development, sustainable peace, and the quality of democracy.

For much of the members of civil society, SSR is the "crucial unknown" that may prove to be pivotal in the realization of many of their advocacies. With the advent of "democratic security", there is now the need for civil society as intermediary organizations between the



state and the people to help define the mechanisms for this public good to be effectively provided and equitably shared by the entire society. Not only would it jeopardize this package of "transformations" aimed at generating accountability, transparency, responsiveness, professionalism, and efficiency, it would also negatively affect some of the basic advocacies that they are pursuing such as peace, development, and democracy.

However, any meaningful state-civil society engagements on SSR are a function of existing relations between the two spheres. If there is confidence shared by both, then it would be relatively easy to embark on a partnership for SSR. But this may prove to be challenging given the contentious state of political relations between the current government and most members of civil society.

Perhaps the starting point for the SSR project in the Philippines is the generation of a systematic and thorough scoping study or assessment of the state of SSG in the Philippines. This study could be made by different actors with the cooperation and support of relevant government institutions as well as civil society organizations. This assessment should include a survey of the local circumstances and contexts current capacities of security sector institutions, and the security needs of the Filipino people.<sup>9</sup> This is one big

step in customizing or "indigenizing" SSR (Williams 2000) so that it could not be dismissed as externally imposed or lacking a comprehensive orientation. More than the output of this study, this could be an opportunity to have a genuine discussion on security and defense issues in the country among the different actors. This participatory endeavor could also be a confidence-building measure among the uniformed services as well as civilian institutions and groups.

Any future SSR project in the Philippine must be "locally owned". While most SSR efforts in the world has been implemented by external actors, it is already accepted as best practice that local ownership would not only deliver the optimal outcome in the country but could give it more acceptance and legitimacy among its citizens. Local ownership does not only entail sustained willingness and commitment to reform but would also demand to infusion of resources to SSR activities (Nathan 2007). It will be helpful if the Philippines sought assistance from a pool of organizations and donors, eschewing dependence on solely one partner. This may not yet be a problem given that the United States (US) has yet to fully embrace the concept of SSR. To a large extent, it continues to view defense and security assistance in traditional terms. The only nuance lies in the anti-terrorism orientation of most of US defense and security assistance concentrating on the traditional security sector agencies such as the military and the police (Ball 2005). To some, the anti-terror campaign had negative impacts on trans-

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<sup>9</sup> An initiative to assess the current state of SSG in the country is being made by a group of academics and researches in the country. With the assistance of UNDP, the project aims to develop an SSR Index to be applied in the Philippines.



parency and accountability of the security sector by ignoring SSR (Wulf 2004: 24).

In order to break the self-perpetuating cycle of the lack of expertise of civilians with SSR issues and thus the continued dependence on the security forces on these matters (Ball and Brzoska 2002: 11), it is time that the Philippine embark on the formulation of a framework for SSR. IT is a critical part of local ownership that all stakeholders are invited to participate in the formulation and implementation of reform program. Genuine reform is often achieved when it is not monopolized nor dominated by the object of reform.

It cannot be overestimated why SSR is an urgent matter that all stakeholders must attend to. The two attempts to reform the military for example did not materialize without the occurrence of a (failed) coup. Should the country wait for another extraordinary event in order to push an SSR agenda forward? In the end, the prospects of SSR in the Philippines could dramatically change for the positive if only a credible and committed leadership will emerge. Though this may not be explicitly articulated by the top security sector official in the country (i.e. the President), a general vision will definitely set the tone for any SSR project. This may come in the form of adherence to principles of democracy, good governance, accountability, respect for human rights, and participation. In the end, this will clearly send a strong signal not only to the security forces and civilian government agencies but as well as to Filipino society at large. But from an assessment

of the status quo, such leadership or vision may have yet to emerge.

A final caveat is in order. Empowering civil society to promote SSR in the Philippines does not mean that the security sector would be placed in a crippled or disempowered state. As SSR is a politicized project, it could also be used for partisan purposes that could jeopardize institutions, subvert legitimate procedures, and undermine existing democratic norms. It is in this regard that the credibility of civil society and its ability to foster good governance of the security sector would be of critical importance. Arguably, a civil society that has lost much of its reputation as intermediaries of the public interest would not have enough capital to advance the SSR agenda. In the end, successful SSR aims to engender a state that could provide better security for its people under the framework of democratic governance and sustainable peace. This entails a relationship between civil society and the security sector characterized by mutual respect, confidence, and trust.

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# The Islamic Books Publishing in Indonesia: Towards a Print Culture?\*

*Philips J Vermonte*

## Introduction

SINCE the 1990s, the trend of religious books publishing, particularly Islamic books, has greatly increased. A number of indicators support this phenomenon, as shown in the increasing number of publishers of Islamic books that participate in various book exhibitions in a number of cities. In fact, since 2001, the exhibition of Islamic books has become a routine, such as the Islamic Books Exhibitions that were organized by the Indonesian Publishers Association (*Ikatan Penerbit Indonesia*/IKAPI) in Jakarta in 2001 and by IKAPI in West Java in 2003.<sup>1</sup>

This phenomenon is also followed by the increasing number of publishers of

Islamic books. According to the data from the central office of IKAPI, during the period of 2000 to 2003, IKAPI received 20 new members of newly-established Islamic books publishers. This number shows significant increase compared to the period of 1981 to 1989, when there were only six Islamic books publishers.<sup>2</sup>

The increase in the supply of books with Islamic themes was of course triggered by the rising demand. As an illustration, during certain periods like Ramadhan, demand for Islamic literatures boosts. In a survey conducted by the research and development office of Kompas during the month of Ramadhan in 2003, it was found that 70% of the Muslim respondents were

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<sup>1</sup> "Pasar Buku Islam Tengah Menggeliat," in *Kompas*, 15 November 2003.

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<sup>2</sup> IKAPI was found on 17 May 1950 in Jakarta by the initiative and agreement of a number of national publishing companies at the time, with the main objective to replace the position of foreign publishers, particularly the Dutch, which had still monopolized the publishing industry in Indonesia. At the time of its founding, there were only 13 members. At present, there are 650 members throughout Indonesia. For the full profile of IKAPI see <http://www.ikapi.or.id>.

accustomed to reading books on Islam during Ramadhan.<sup>3</sup>

In a more macro context, the increasing demand for Islamic books is a phenomenon that is closely related to the trend of modernity, which has formed the educated middle class group of Muslim students (*santri*). This group, as acknowledged by many scholars, emerged as the result of immense economic development and educational transformation programs during the New Order regime, particularly during the 1980s. Economic development and educational transformation resulted in two inter-related outcomes: an educated, middle-class, Muslim group and the return of the role of the Muslim group that was relatively marginalized during the authoritarian New Order era.<sup>4</sup>

This is particularly interesting to be further analyzed, due to the fact that Indonesia is a country with Muslim majority of 177.5 million people.<sup>5</sup> In relation to this, the official statistical data of the Central Bureau of Statistics (*Biro Pusat Statistik/BPS*) shows that in 2003, 12.23%

of the Indonesian population obtained a high school diploma. Meanwhile, 1.78% holds a university degree, and 0.07% holds a post-graduate (Master's or Doctoral) degree. This shows significant increase compared to the data from the previous ten years. In 1993, there were only 6.10% of the population that hold a high school diploma, and 0.83% were university graduates.<sup>6</sup> This data can be used as the basis of assumption about the formation of the educated middle-class Muslim group in Indonesia.

The emergence of the educated middle-class Muslim group in Indonesia will probably bring the same implication with what has happened in other Muslim-populated countries experiencing a similar phenomenon. The implication includes the shift in the political and societal perspectives. The positive implication is the opportunity for diversity of both voice and opinion in the political sphere as the logical consequence of the increase in the level of education and the advancement of mass communication methods. However, there are also negative implications from the same mass communication methods, which is the possible spread of religious intolerance.<sup>7</sup>

Nonetheless, latest research show that the increasing number of educated Muslims contribute *positively* to the

<sup>3</sup> The survey was done to 1,158 telephone subscribers in Jakarta, Yogyakarta, Surabaya, Medan, Manado, Banjarmasin, Pontianak, Makassar, Padang, Jayapura, Denpasar, Bangli, Singaraja and Negara. Furthermore, see "Publik dan Buku," in *Kompas*, 15 November 2003.

<sup>4</sup> See Moeflich Hasbullah, "Cultural Presentation of the Muslim Middle Class in Contemporary Indonesia," in *Studi Islamika* 7, no.2 (2000): 5.

<sup>5</sup> See Leo Suryadinata, Evi Arifin dan Aris Ananta, *Indonesia's Population: Ethnicity and Religion in a Changing Political Landscape* (Singapore: ISEAS, 2003), 107. This book processed the data from the 2000 Popular Survey by the Statistical Central Bureau (Biro Pusat Statistik).

<sup>6</sup> For more details see *Statistik Kesejahteraan Rakyat—Survey Sosial Ekonomi Nasional 1993 dan 2003* (Jakarta: Biro Pusat Statistik).

<sup>7</sup> See Dale F. Eickelman and Jon W. Anderson, "Print, Islam and the Prospects for Civic Pluralism: New Religious Writings and Their Audiences," in *Journal of Islamic Studies*, 8, no.1 (1997): 43.



growth of religious understanding, which in turn increase tolerance and awareness of the importance of pluralism. These two aspects are believed to be pillars in building civil society.<sup>8</sup>

### From Ideas to Print Material

In the context of social movements, including those with religious background, mass communication methods serve as an important tool in the spread of ideas that become the ideological base of those movements. The Protestant movement that was started by Martin Luther in the 1520s was supported by print materials, both in the form of pamphlets and books. In the period between 1517 and 1550, no less than 150,000 new books were published, involving around 900 writers who supported the reform that was pioneered by Martin Luther.<sup>9</sup> Robert Wuthnow, who analyzed the idea production during the era of the Protestant Reform, argued that the dynamics between social circumstances and ideology play a significant role in the whole reform process. This process includes situations of mutual influence, adjustment, and accommodation. These situations then result in processes that transform ideas from the actors to the audience.

Wuthnow categorized these processes into three separate phases: (1) production; (2) selection; and, (3) institutionalization. In production phase, ideas are brought up in the form of writings (books, journals, pamphlets) or teachings (lectures, classes), which at the end result in a cultural product. In the selection phase, thinkers and writers choose what they want to write. This was the reason why various schools of thought were established. Meanwhile, in the process of institutionalization, routine mechanisms to spread the ideas into discourses are beginning to be institutionalized. In this phase, an institution will be set up, with discourses that present various ideologies.<sup>10</sup>

In various policy studies, it is also found that a policy is greatly influenced by ideas. For example, the ideas of John Maynard Keynes were adopted as the national economic policy of the United States in the post-World War II period. The policy was promoted by an epistemic community that supported Keynes' ideas. The epistemic community at the end was very influential in setting the direction of US economic policies—as well as the world economic policies—after World War II.<sup>11</sup>

This paper will show that ideas require a media to reach the audience and/or influence the formation of a discursive culture.

<sup>8</sup> See, for example, Nakamura Mitsuo, Sharon Siddique and Omar Farouk Bajunid (eds), *Islam and Civil Society in Southeast Asia* (Singapore: ISEAS, 2001); also, Robert W. Hefner, "Islam, State and Civil Society: ICMI and the Struggle for the Indonesian Middle Class," in *Indonesia*, no.56 (October 1993).

<sup>9</sup> Robert Wuthnow, *Communities of Discourse: Ideology and Social Structure in the Reformation, the Enlightenment and European Socialism* (Cambridge: Harvard University Press, 1989), 2-3.

<sup>10</sup> *Ibid.*, 9-10

<sup>11</sup> An analysis on this can be found in John Ikkenbery, "Creating Yesterday's New World Order: Keynesian 'New Thinking' and the Anglo-American Post-war Settlement," in Keohane, R.O dan Judith, G. eds., *Ideas and Foreign Policy: Beliefs, Institutions and Political Change* (New York: Cornell University Press, 1993), 68-69.



This paper focuses on print material as a media used to disseminate Islamic ideas, thoughts, and interpretations in Indonesia.

The print media, as found in several studies, is believed to be a significant factor in the crystallizing of ideas that over time can be massively accepted. Benedict Anderson, in his monumental work *Imagined Community*, showed that the idea of nationalism was developed through an imaginative process facilitated by what he called "print capitalism". Print capitalism is a big synergy between newspapers and books (a place where subjective ideas on identity and community are written) and the market. This means that capitalism supports the creation of new production mode, such as printing machines, which gives the opportunity for the ideas to be produced (and then appreciated) on a large scale.<sup>12</sup>

In a more-or-less similar tone with Benedict Anderson's *Imagined Community*, Mikihiro Moriyama also emphasized the role of the "print culture" in the creation of the "nationalism" of Sunda and the growth and development of the Sundanese literature in West Java during the Dutch colonial period.<sup>13</sup> Moriyama, in his study, found that the Sundanese identity grew and developed through

print material. He noted that the first book ever printed in Java is a Dutch book titled "*Tijt-boek*" (Book of Time) in 1659. About 100 years later, books in Sundanese language started to be published, and since then developed rapidly and resulted in the opening of the Sundanese literature.<sup>14</sup>

An interesting point of Moriyama's research is that it was also found that Bumiputra printing companies during the colonial period, aside from the Dutch-owned printing companies, contributed at least 5% (or equivalent to ten titles) of all the Sundanese publication at the time, and all of them were books on Islam. These books, written by a scholar of Arabic descent named Sayyid Usman, were then translated into Sundanese language. Sayyid Usman was a key Muslim figure at the time because, other than his publications on Islam, he was also the Honorary Advisor on Arabic Issues, which was a position of a source-person for significant information for the Dutch colonial government advisor, Snouck Hurgronje.<sup>15</sup> These books obtained potential Sundanese readers in West Java, considering that, based on the official data of Dutch colonial government, Islamic schools in Priangan West Java area in 1882 amounted to more than 900 schools with more than 16,000 students.<sup>16</sup>

<sup>12</sup> See Benedict Anderson, *Imagined Communities* (New York: Verso, 1991), particularly Chapters 2 and 3.

<sup>13</sup> Mikihiro Moriyama, *Semangat Baru: Kolonialisme, Budaya Cetak dan Kesastraan Sunda Abad ke-19*, translated from the original copy entitled *A New Spirit: Sundanese Publishing and the Changing Configuration of Writing in Nineteenth Century West Java* (Jakarta: Gramedia, 2003).

<sup>14</sup> The first book, *Kitab Pangadjaran Basa Soenda* (Sundanese Language Course Book) was established in 1850. For more details, see Moriyama, *Semangat Baru*, 111-112.

<sup>15</sup> For more details, see Moriyama, *Semangat Baru*, 119.

<sup>16</sup> Moriyama, *Semangat Baru*, 120.



This information may create speculations that the seeds for Islamic printing (to make a parallel term with "print capitalism") in Indonesia cannot be separated from the Dutch colonial policies to oversee the Muslim majority population in its colony. On the contrary, this speculation can be proved wrong considering that there were several private publishing companies—both owned by locals and by the Dutch—that were not affiliated with the colonial government, which also published Islamic books. Some of them were the Ikhtiar publishing company in Bogor and Afandi publishing company in Bandung, and also Lange & Co., which was the second largest publishing company in the Dutch Indies at the time.<sup>17</sup> Thus, although there were political and ideological reasons, commercial factors also became the early consideration of the development of a more modern publication of Islamic books.

If traced back to an earlier period, the origins for the books on Islamic thinking written by Indonesian ulamas had already existed. One of them was written by Nawawi al-Bantani, who was once known as a great ulama in Mecca and Medina. Nawawi al-Bantani (1813-1897) wrote hundreds of books on subjects like *tafsir*, law, *tauhid* (theology), and *tasawwuf* (mysticism).<sup>18</sup> With his writing productivity,

Nawawi al-Bantani became a significant example that the *pesantren* community was not only an environment of "tradition of speech", but could also develop to be a discursive community.<sup>19</sup>

A striking feature that differentiates it from the more modern publishing during the colonial period is that the books written by Indonesian ulamas during the earlier period, even with its depth of comprehension, circulated in a more limited circle, such as *pesantrens*. Moreover, Nawawi al-Bantani is an example to differentiate the role of the ulama in the past and the present. In the past, aside from being the referee for religious affairs, ulamas were also the source of new knowledge, which meant that they succeeded in playing both intellectual roles as religious scholars and academic scholars at the same time.<sup>20</sup> This means that, at that time, an ulama held ultimate social and religious authority and probably with vast audience crossing the borders of ideologies and *mazhab*.

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Bantani: an Intellectual Master of the Pesantren Tradition," in *Studia Islamika* 3, no. 3 (1996).

<sup>19</sup> Rachman, *Nawawi al-Bantani*, 93.

<sup>20</sup> The contemporary definition of "religious scholar" and "academic scholar" was given by Howard M. Federspiel in his article "Muslim Intellectual in Southeast Asia," in *Studia Islamika* 6, no. 1 (1999). According to Federspiel, religious scholar is identical with ulamas associated to traditional Islamic schools (*pesantren*), reformed Muslim schools (*madrasah*) or ulamas associated to other Islamic institutions such as the mosque. These religious scholars or ulamas have a long traditional role as the local leader for Islamic communities. While academic scholars refer to intellectuals attached to higher education institutions.

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<sup>17</sup> Moriyama, *Semangat Baru*, 119-121.

<sup>18</sup> Nawawi al-Bantani had many students who then became influential Muslim figures in Indonesia. Among them is K.H Hasyim Asy'ari who founded Nahdlatul Ulama (NU), the largest Islamic organization in Indonesia. For a more detailed analysis of Nawawi al-Bantani, see Abdul Rachman, "Nawawi al-



This explanation brings this paper to the next part, which tries to answer two fundamental questions: (1) What were the factors that formed the background of the current trend of Islamic publication? (2) Does the increase in the number of Islamic publication reflect 'bankruptcy' of the role of 'traditional' *ulamas*, which urge Muslims to seek for other sources of knowledge, such as books?

### The Supply-Demand Causal Relation: Producers<sup>21</sup> and the Potential Audience

From the literature study and a number of interviews that formed the background of this paper, it was found that most of the publishers of Islamic books in Indonesia put idealism at an almost same priority as commercial consideration when they started their business. An example is Mizan, which is a very popular and influential publisher of Islamic books. When the business was started in 1983, the founders simply stated that the objective of the establishment of Mizan was to change what was in people's 'heads'.<sup>22</sup> This statement reflected a spirit to present a new thinking in the religious discourse in Indonesia.

The first book that was published by Mizan over twenty years ago was "*Dialog Sunni-Syiah*", which became a sold-out

and created controversy. Among a population with Sunni Muslim majority, Mizan was accused to be a Syiah group at the beginning of its existence. What was interesting was that Mizan never soundly objected to the accusation. In fact, it tried to be consistent with its earlier spirit to provide new thinking in the Islamic discourse in Indonesia.

Mizan, in fact, continued the publication of books translated from the work of Syiah thinkers and *ulamas*—among them are Ali Syari'ati, Murtadha Muthahari and Thabathabai. However, if investigated further, the choice to publish books by Syiah thinkers during the early period of Mizan's establishment was due to smart market analysis. They were smart to catch the growing interest of Muslims for Islamic books during the 1980s, which was partly triggered by the Islamic Revolution in Iran.

In the following periods, Mizan placed itself as the locomotive of Islamic books publishing industry in Indonesia by starting a series of publication of Indonesian Islamic thinkers. Mizan has published the works of influential Islamic thinkers for example Azyumardi Azra<sup>23</sup>, Amien Rais<sup>24</sup>, and Syafii Maarif<sup>25</sup>. With

<sup>21</sup> The term "producer" here is used as a reference to publishers or book writers in an overlapping and simultaneous way.

<sup>22</sup> "20 Tahun Penerbit Mizan: Mengapresiasi Pluralitas Keberagamaan," in *Kompas*, 3 May 2003.

<sup>23</sup> The rector of Universitas Islam Negeri Syarif Hidayatullah, the most influential Islamic university in Indonesia.

<sup>24</sup> The former Chairperson of Muhammadiyah, the second largest Islamic organization in Indonesia, and also the former Chairperson of MPR.

<sup>25</sup> An *ulama* well-known for his thinking that supports religious pluralism, and also a former Chairperson of Muhammadiyah.



billions of Rupiah in total assets and thousands of books published, as its 20<sup>th</sup> anniversary data showed<sup>26</sup>, Mizan has relatively succeeded in combining idealism to advance Islamic thinking and business acuity.

Mizan books received good response from the new Muslim middle-class society. The view of Haidar Bagir, the founder of Mizan, of this issue is interesting to observe:

"the existence of the new Muslim middle-class group, who has experience wealth and spiritual emptiness like those experienced in advanced countries, serves as the largest market for Islamic books. For that target, Mizan books are published with a quality that is suited with the demand of the group that prioritize quality and not-so-cheap price, as the buyers come from a segment with a particular rate of income".<sup>27</sup>

In other words, he stated that a middle-class with new passion for religion, due to their spiritual emptiness, has been created.<sup>28</sup> However, the emergence of the new *santri* intellectual group<sup>29</sup> is acknowledged to be the factor that supports the demand for Islamic books, particularly books that support the openness of a critical thinking discourse.

<sup>26</sup> "20 Tahun Penerbit Mizan: Konsisten Pada Dakwah dan Pendidikan," in *Republika*, 9 May 2003.

<sup>27</sup> "Pasar Buku Islam Tengah Menggeliat," in *Kompas*, 15 November 2003.

<sup>28</sup> The view of Haidar Bagir as quoted in "Buku Islam, Kekayaan dan Keragaman Wacana Intelektual," in *Kompas*, 15 November 2003.

<sup>29</sup> Those that come from a *santri* background that has experienced vertical economic mobility due to the increase of wealth caused by economic development.

This view more or less confirms the finding cited at the beginning of this paper, which said that the demand for Islamic books is caused by, among other factors, the emergence of the new Muslim middle-class that was the result of economic development and the opening of access to higher education.

Greater access to higher education has also influenced the idealism that forms the background of the founding of a publishing company by the Social Science Studies Institute (*Lembaga Kajian Ilmu Sosial/LKiS*) in Yogyakarta. LKiS started off from a student discussion group that mostly consisted of students from *Institut Agama Islam Negeri* (IAIN) *Sunan Kalijaga* in Yogyakarta. The group widely discussed discourses on pluralism and inter-religious tolerance at the end of the 1980s. The majority of the participants had traditional *pesantren* background.

The patriarchy tradition of *pesantrens* is not very supportive to the criticism in the campus scientific tradition that worships freedom and diversity in thinking. This condition motivated the LKiS founders to suggest an idea on "Alternative Islam". The LKiS founders, with their rural traditional *pesantren* background, have experienced vertical mobility in their socio-intellectual lives as students in urban areas. What is interesting is that this mobility has not separated them from their original *pesantren* roots. It has, in fact, strengthened their commitment to create a social act to advance their constituent community in the rural areas. In other words, there was a strong self-perception within the LKiS founders to



play a role as agents of reform and enlightenment.<sup>30</sup>

An interesting fact from LKiS is that there is an awareness to combine discourses and practical movements. LKiS has two wings: a publishing and an advocating institute. Advocating is done down to the grass-root level, for example by advocating farmers in several areas in Yogyakarta and Central Java at the time when the price of rice experienced a downfall.<sup>31</sup> The director of LKiS stated that its publishing activity tried to deliver the idea that "there is a spirit of freedom in theology in Islam, but there is also the spirit of respect for pluralism"<sup>32</sup>. Thus, it is not surprising that its most popular book is *"Islam Kiri"* (Left-wing Islam), which contained the discourse of an Islamic thinking with progressive left ideology nuance. This book has continuously been reprinted until now.

Mizan and LKiS are two examples of influential and popular Islamic books publishers that present discourses on thinking as the priority of their publications. Aside from publishers that prioritize the discourses on thinking, other

Islamic book publishers that specialize on practical life guidance for Muslims must also be observed.

The Gema Insani Press (GIP) publishing company in Jakarta is a good example for this phenomenon. Since its establishment in 1985, GIP has published more than 400 titles, with the average of six titles per month.<sup>33</sup> Books on practical life guidance for Muslims are GIP's best-sellers and most widely-read books. A number of titles actually sell more than 100,000 copies and continue to be reprinted. Among these titles are: *"Anda Bertanya Islam Menjawab"* (You Ask, Islam Answers), which is a translation from the work of the great Egypt ulama Mutawalli asy Sya'rawi; *"50 Nasihat Untuk Muslimah"* (50 Advices for Female Muslims) by Abdul Aziz bin Abdullah al-Muq; and *"Berjumpa Allah Lewat Shalat"* (Encounter with Allah through Prayer) by Syekh Mushofa Mansyur.<sup>34</sup> The first book, *"Anda Bertanya Islam Menjawab"*, has been reprinted 18 times.

Another publisher that popularly specializes in books on Islamic practical guidance is Pustaka Pelajar in Yogyakarta.

<sup>30</sup> Interview with the Board of Editors of LKiS, Yogyakarta, February 2005.

<sup>31</sup> Interview with the Board of Editors of LKiS, Yogyakarta, February 2005. When asked to elaborate more on the role of religious authority, for example the *kyai* in rural *pesantrens*, in real problems faced by farmers, a member of the Board of Editors reflectively replied that the authority of religious leaders is falling, both on the level of intellectual discourse and practical level.

<sup>32</sup> As quoted in "Buku Islam, Kekayaan dan Keragaman Wacana Intelektual," in *Kompas*, 15 November 2005.

<sup>33</sup> Aside from this fact, GIP also published books on politics. In fact, the first book that was published by GIP was on the war in Afghanistan. See "Buku Islam Tengah Menggeliat," in *Kompas*, 15 November 2003.

<sup>34</sup> Other GIP titles that have sold more than 100,000 copies can be found in <http://www.gemainsani.co.id>.



Pustaka Pelajar is different from GIP because it targets a different audience.<sup>35</sup>

The pyramid of Pustaka Pelajar's readers is more within the lower level of the society. This results in the larger portion given to practical books rather than books on inter-religious dialogue.<sup>36</sup>

Another form of Islamic printing is the press or mass media. What is unique about this is that groups that support fanaticism and exclusivist ideologies have been more successful in managing the publishing industry, both in the form of magazines or tabloids. Two examples of this type of media are "Sabili" and "Ummi", which, according to estimation has more than 100,000 and 80,000 circulation respectively for the year 2000.<sup>37</sup> Aside from these two, there are many more Islamic media that went to printing since the opening of the political system after the fall of the New Order authoritarian regime. At the same time, the more open political system opens great opportunity for hardliner groups to set up their own media as well. Thus, since the fall of New Order in 1998, fanatic groups have started many new media.

<sup>35</sup> Although GIP shares a relatively same theme orientation with Pustaka Pelajar, it more or less targets a reading community from the educated middle-class group. At least this is shown with the existence of the GIP website, which is continuously maintained and updated.

<sup>36</sup> Interview with the owner of Pustaka Pelajar, Yogyakarta, February 2005.

<sup>37</sup> See the article Agus Muhammad, "Quo Vadis Media Islam Moderat," accessible at <http://islamlib.com/id/index.php?page=article&id=779>.

## Concluding Note

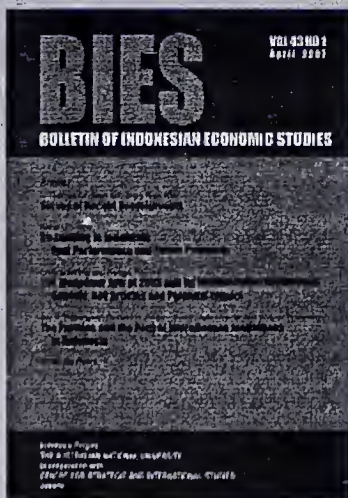
The varying themes and focuses of the Islamic publications serve as a strong indicator that Islam in Indonesia varies and it is not easy to make a single explanation to comprehend Islam in Indonesia. However, the trend in Islamic publication, both books and press, with varying focus and perspective, gives an early indication that a print culture, which is believed to be the base for massive social changes in other parts of the world, has slowly been established in Indonesia.

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## CONTRIBUTORS

Alexandra Retno Wulan. Staff, Department of International Relations, CSIS, Jakarta

Aries A. Arugay. Department of Political Science, University of the Philippines.

Bantarto Bandoro. Chief Editor, The Indonesian Quarterly, CSIS, Jakarta

Christine Susanna Tjhin. Staff, Department of Political and Social Change, CSIS, Jakarta

I Made Leo Wiratma. Staff, Department of Political and Social Change, CSIS, Jakarta

Indira Hapsari. Staff, Department of Economics, CSIS, Jakarta

Lina Alexandra. Staff, Department of International Relations, CSIS, Jakarta

Philips J. Vermonte. Staff, Department of International Relations, CSIS, Jakarta

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